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18 JULY 1986

Southeast Asia Report



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SOUTHEAST ASIA REPORT

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INDONESIA

PDI CHAIRMAN SURJADI PROFILED, BACKGROUND GIVEN

Jakarta SINAR HARAPAN in Indonesian 11 May 86 pp 1, 2

[Text] A child has been born to the Indonesian Democracy Party (PDI). It was born with a mustache, is tall and husky. It does not cry when it is startled, like a small infant who first sees the light of day. However, it continues to face heavy duties. The child is usually called Surjadi, a new leader on the Indonesian political scene since he was selected as general chairman of the Central Executive Council of the PDI.

The term "child" is really appropriate for him. This is not because he is regarded as too young to lead the PDI. Not at all. After the Third Congress of the PDI in April failed to elect a Central Executive Council, the congress turned the matter over to the government. In this connection Minister of Home Affairs Soepardjo Rustam, as the domestic political indoctrinator, was given full powers to decide on the matter. However, the government did not wish to give birth to just any kind of baby. The process took a long time.

Wide-ranging discussions were held with the Provincial Executive Councils of the PDI. There were many people who were impatiently awaiting the birth of the baby, who suddenly became a subject of general conversation. What was this unborn child like? On 2 May at the Wisma Karya Hall in Senayan, Jakarta, at a simple ceremony, what had long been awaited finally occurred. The election of Doctor Surjadi, who is also a member of the Supreme Advisory Council, was not really surprising. Compared to his 19 associates who sit on the Central Executive Council of the PDI, he is the best prepared to assume his duties.

He said: "Why should I be particularly surprised, when I have been preparing myself for this position for a long time? What I have now achieved has been one of my objectives. It's a different matter when people want one person and then get another. This can be surprising. Now my objective has been to be general chairman of the party, so why should I be surprised?" It is this feeling of optimism which is sometimes interpreted as arrogance. However, Surjadi firmly rejected being called an arrogant man. He said: "Well, how can I be arrogant? I am the son of a farmer. When I was a child, I knew how to do everything in the rice fields."

Influence of His Elder Brother

So let the story of young Surjadi come out, when he still lived in Ngayun village, Ngrayon district, Ponorogo regency, East Java. He attended elementary school and, after graduating, went on to junior high school. He recalled: "Every day I walked and even ran about 20 kilometers until I reached home or went to work in the rice fields."

From the time he was in junior high school he liked reading books. Indeed, when he is asked what he wanted to be when he was a child, he says he wanted to be a teacher. Because of his love for reading books, he later became interested in becoming a librarian. Surjadi said: "Every day we should be able to read books free of charge."

Then, when he found it difficult to enter senior teachers school, after completing junior high school, Surjadi, who found it hard to leave the village atmosphere and go to Yogyakarta, continued his education in senior high school in Yogyakarta. His pleasure in reading books continued to grow. Furthermore, he enjoyed reading books on politics. This was how he was drawn to the Indonesian Nationalist Party (PNI). He said: "I was influenced by my elder brothers from the time I was still in the village. My family has always supported the PNI."

He had two thoughts in mind when he graduated from senior high school in Yogyakarta in 1959. First, he was attracted toward entering the Academy of Library Science. However, another thought came to him. He would be happy if his love of politics were channeled in some form. Furthermore, he would like to be able to travel abroad. Should he be accepted by the Faculty of Social and Political Affairs of the University of Gajah Mada, he could work in the Department of Foreign Affairs and, therefore, could travel abroad free of charge.

He decided to enter the Faculty of Social and Political Affairs of the University of Gajah Mada and, in fact, was approved for the international relations area. When he was still in senior high school, he had actively seized the opportunity to participate in various organizations. At that time Surjadi had joined the Indonesian National Students Association (GSNI). When he became a university student, he also became a member of the Indonesian National University Students Association (GMNI).

In 1964 he graduated from the University of Gajah Mada and went to Jakarta. His principal objective was to work for the Department of Foreign Affairs so that he could travel abroad free of charge. However, when he came to the Department of Foreign Affairs, a friend suggested that he help out in the secretariat of the PNI. At the time, the Jakarta branch of the GMNI was going through a leadership crisis. Surjadi, who had already had some experience as a student leader in Yogyakarta, had another factor working for him in the sense that the general chairman of the Yogyakarta branch of the GMNI was named Surjadi.

He said: "But I wasn't the general chairman. It was another Surjadi. Possibly, people thought it was I, and finally I was elected general chairman

of the Jakarta branch of the GMNI. However, I continue to think that it was a choice of quality leadership which brought me into the Jakarta branch of the GMNI. Up to the present I have learned from experience how to survive."

Strong Candidate

His career in the political field continued to develop. The results of the 1977 general elections brought him into Parliament as the chairman of Committee 10, which handles the environment, research, and technology. His facility in meeting people, including journalists, made Surjadi increasingly well-known. However, in the 1982 general elections he was not reelected to Parliament. This did not mean that his career had come to an end. The Central Executive Council of the PDI, then under the late Prof Dr Soenawar Soekowati (who died on 12 January 1986), proposed Surjadi as a member of the Supreme Advisory Council. This nomination was approved, and he still holds a seat in that body.

Prior to the Third Congress of the PDI, the name of Surjadi was increasingly mentioned as a strong candidate for the position of general chairman of the PDI, and his name continued to be heard during the congress. Indeed, after the congress was over, he was still mentioned as a strong candidate, although not so frequently. Because the question of party leadership had been turned over to the government, speculation about Surjadi was not so widespread. However, after Minister of Home Affairs Soeparjo Rustam announced his appointment on 2 May, the speculation was fulfilled, and the child, who up to then had always been a question mark, was born, wearing a mustache, was 1.76 meters tall, and weighed 65 kilograms.

Surjadi, who was born on 13 April 1939 and is now 47 years old, was considered by some groups as too young to lead a political party. Furthermore, up to now he had never been a member of the Central Executive Council of the PDI. After his first meeting after he had been elected general chairman of the PDI a reporter friend of his asked: "People still have doubts about your ability, because you have never been a member of the Central Executive Council of the PDI, although you have been a member of Parliament and are now a member of the Supreme Advisory Council. What do you think of that?"

Surjadi, who is skilled in diplomatic replies, immediately answered: "You have answered your own question!" And his laugh brightened up the meeting.

After being elected as general chairman of the PDI, this father of three children listened to the speeches of welcome. At his home on Jalan Grinting II, Kebayoran Baru, Jakarta Selatan, there were also many flowery speeches made. He continued to receive guests, and the telephone never stopped ringing.

Regarding his forthcoming program, both during the campaign for the 1987 general elections and for the PDI in the future, Surjadi will continue to look back to older leaders who previously were members of the Central Executive Council of the PDI. He said: "We of the younger generation will continue to

look to them for the advice which we will need and we will work with them." He rejected any impression that the current party leadership, which is dominated by the younger generation, has disturbed the older generation.

Together with Sri Hartati Wulandari, his wife, he will continue to pay attention both to his family and to his career as a politician. For this couple this dual role poses no problem, particularly as his wife had also been active in the PMKRI [Indonesian Catholic University Students Association] when she was in Yogyakarta.

He said: "We work together in developing an ideal home. We leave the problems of the children to be resolved later on. We try to show a democratic attitude toward them. It is not yet clear whether the children will be active in politics as their parents are."

Temper in Check

In his interview with SINAR HARAPAN MAJALLAH last week, this child born of the PDI continued to smile and to act naturally. What he will do in cooperation with his associates looks like a big job. However, all of this is not in the service of personal or group interests. Surjadi predicted that the PDI would seek to promote an atmosphere of calm, supporting democracy, which is desired by all groups.

It is not that there have been no obstacles in the course of his career. For example, in the 1982 general elections, in which Surjadi was not reelected, when the list of candidates was being prepared, he and his friends fought hard to make sure that Zamroni, a leader of the generation of 1966, would be included in the list of candidates of the PPP. Efforts to include Zamroni had previously failed. However, he was successful in getting Zamroni elected to Parliament, particularly because Surjadi kept his temper in check when he encountered obstacles.

However, he did not consider these things to be obstacles. His objectives as a politician have matured. Step by step he moves forward. On one occasion, during an interview with SINAR HARAPAN MAJALLAH, he said: "I have always been on the edge of success. For example, during the 1977 general elections, I was in 10th place in Central Java. At the time the PDI only won 10 seats in Central Java. Because of this experience, I was given 14th place in the 1982 elections, so that the PDI would win 14 seats."

But what happened? He said, with a laugh: "In fact, we only won six seats." And how do things stand with his position as general chairman of the PDI now: is he still on the edge of success?

Surjadi did not want to answer this question. He said firmly: "I will just try to work as well as I can, in support of democracy, which we are all building together."

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CSO: 4213/156

PHILIPPINES

LABOR UNREST AT SUBIC BASE AFTER SACKINGS

HK301157 Quezon City BUSINESS DAY in English 26 Jun 86 p 26

[Article by Johnny P. Reyes]

[Text] A new labor unrest is brewing at the Subic Naval Base after a number of Filipino workers, some of them labor union officials, were dismissed for "failure to meet conditions of employment and unsuitability."

Representatives of the dismissed employees, however, claimed that at least 42 workers were "summarily expelled" because of their active involvement in the 11-day strike last March and because of their plan to form an opposition party within the labor union.

Four of the dismissed workers were issued notices of "separate for cause" for being "no longer reliable and trustworthy."

The rest were issued "separation without cause" because of "failure to meet conditions of employment," or because their continued employment at the bases is "inconsistent" with the best interest of the U.S. forces.

The dismissal was reportedly ordered by no less than the commander of the U.S. naval forces in the Philippines, Rear Admiral Edwin Kohn, after consultation with Roberto Flores, president of the Federation of Filipino Civilian Employees Association (FFCEA).

Representatives of the affected workers told BUSINESS DAY yesterday that their militant posture during the 11-day bases strike and their active involvement in the plan to organize an opposition party within the union were the main reasons for their dismissal.

The crackdown on workers began on June 17, a few days after the workers formed a committee that will prepare the grounds for the formation of a political party, to be called Partido ng Managgagawang Base (PMB) [Base Workers' Party], they claimed.

In a strongly worded letter of protest they prepared for Kohn, the workers lamented the "base authorities apparent disregard of their rights to due process and of their honor and dignity as employees and Filipinos."

They said they would elevate the case to the US-RP [Republic of the Philippines] government Joint Labor Committee (JLC) and to the highest diplomatic level and court of law until justice is done on this regard.

They are also seeking the relief of Kohn for his alleged "irregular action."

The workers confronted Flores last June 17 to verify the naval authorities claim that he had been consulted about their dismissal.

The workers claimed that Flores had objected to the inhumane treatment of the dismissed workers. Flores reportedly said that he was actually consulted by Kohn prior to the dismissal of four workers who would be issued separation papers for cause due to unsuitability.

Flores added he was not consulted on the basis of the rest.

The workers' representatives showed BUSINESS DAY a memorandum from one of the Subic base units. The memo noted that the local union (FFCEA) has been notified of the dismissals prior to its initiation.

Flores could not be contacted yesterday for immediate comment. According to workers' representatives, Flores promised to immediately lodge a protest and to call for the urgent convening of the JLC within the week.

The workers met with Deputy Labor Minister Carmelo Noriel last Monday, who said he has yet to receive a copy of the FFCEA's formal complaint on the incident.

The representatives of the expelled workers claimed that the basis for the separation action is what U.S. naval authorities perceive as unsuitability of the employees for continued employment in the U.S. facilities.

They claimed that what the U.S. management has in mind as the ultimate basis is the "agreed minutes" of the Bases Labor Agreement which states:

"The U.S. Armed Forces may separate an employee at such time as the continuation of his employment is inconsistent with their (U.S.) military requirements, in which case the employee shall be entitled to severance pay unless separation is for cause in accordance with established procedures."

The workers contested this on the basis of the following:

The existing collective bargaining (CBA) Agreement does not provide management the right to initiate separation action in a manner similar to what was done to the 42 workers.

The charge of "unsuitability" was the very same offense proposed by management in the recently concluded CBA negotiation. The U.S. panel, however, agreed to drop this proposal.

There is no provision in all the six CBAs (including the latest) that even implied an implementation of the "agreed minutes" of the BLA.

The employees were not accorded any semblance of due process as provided for in the CBA and as dictated by universally accepted norms of conduct on such matters.

Considering that management action in the instant case is a reprisal move against the employees for their involvement in the strike, management was also guilty of gross violation of the strike settlement made with union officials after the March incident, they alleged.

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CSO: 4200/1181

PHILIPPINES

EDITORIAL ON INEVITABILITY OF 'CONDITIONAL AID'

HK010825 Manila THE NEWS HERALD in English 29 Jun 86 p 4

[Editorial: "Can We Say No to Conditional Aid?"]

[Text] A beggar state must swallow its pride to survive.

From the Philippine point of view the \$200 million U.S. Secretary of State George P. Shultz brought with him was rent money for the chunks of real estate where the U.S. keeps two huge bases and other military facilities. But American officials call it aid (Economic Support Fund to be exact), and to prove their point attached stipulations to its release and use and even had us go through a signing ceremony as if to leave no doubt about what we were getting.

All's well that end's well, however. While the manner of its giving left much to be desired, the money was quite welcome. The hard facts of life stare us in the face: our economy is so anemic that no less than a massive financial transfusion can put color to its cheeks. That means foreign capital as well as aid. The thought grates on our nationalistic nerves, but it is difficult to imagine this country going it alone and lifting itself up by its bootstraps. It could, why not? A people that carried out the miracle of the February revolution is capable of making the impossible happen. The problem is we are awash in a sea of economic difficulties and need fast rescue action. Tomorrow may be too late.

The imminence of total disaster for the Philippines had fortunately been recognized early by the wealthy nations friendly to it. They have offered us help; some, like Japan and China, have actually started giving us badly needed assistance. Our friends in the American Government have been no less concerned. U.S. House and Senate committees have approved aid to the Philippines higher than the \$150 million proposed by President Reagan. Although budget constraints on the Reagan administration could substantially cut down the proposed aid, it is heartening to know that Democrat Stephen Solarz colleagues share his sentiments about the Philippine Government's need for "more than moral support from the United States."

When the Reagan administration's assistance finally comes we can expect the package to contain, besides the money, a set of conditions on how the aid is

to be used. That should not come as a shock to us after our recent Economic Assistance Fund experience. It seems the U.S. is in a deep trauma over what happened to the funds it gave the past dispensation for economic development. That government had a vastly different idea of what using foreign aid wisely meant. While its right hand was building showcase projects, its left was doing a faster-than-the-eye trick with much of the foreign aid and loans. Aid use stipulations would make certain that the magic act would have no encore.

If we do get aid with conditions attached, without doubt we would accept it. Anyway we are a country used to taking everything in the form of aid thrown us--even those that come with a ball of strings. [sentence as published]

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CSO: 4200/1181

PHILIPPINES

INQUIRER COLUMNIST PROPOSES NEW BASES AGREEMENT

HK250405 Manila PHILIPPINE DAILY INQUIRER in English 23 Jun 86 p 4, 5

["Think it Over" column by David Sycip: "The U.S. Bases"]

[Text] The subject of the United States military bases in the Philippines is a sensitive--even explosive--issue. Passions in some quarters run very high. But it is an issue we should squarely address now, because the sites can contribute critically to our country's economic recovery.

Think it over in the following terms:

1. The Givens

a) However we perceive U.S. attitudes and actuations viz-a-viz the Philippines, the fact is that underlying U.S. policies towards the Philippines is its concern over the security of tenure of its two bases, Subic and Clark. Neither the expressions of goodwill and friendship nor patient standing by hat-in-hand is likely to bring forth substantial economic "aid" until security of tenure beyond 1991 is assured.

b) The bases agreement has shortcomings and built-in irritants from the points of view of both countries:

(1) The mutual defense basis of the agreement has a hollow ring from the Philippine viewpoint. It is quite clear that the bases primarily (overwhelmingly so) serve U.S. strategic purposes. Secondarily, but still related to the primary purposes, the bases provide a security umbrella for Southeast Asian nations not aligned with the USSR and only incidentally, almost peripherally, provide a security umbrella for the Philippines.

(2) The mutual defense basis of the agreement inhibits the U.S. from paying outright rental for the base sites. Hence the executive agreement on targeted "aid" of \$180 million annually till 1991, on a "best effort basis," with discretion on the makeup of the "aid" package in U.S. hands. Since the Philippine Government (Marcos') had kept on referring to the "aid" as rental fees, it is galling to Filipinos: from their viewpoint, it is like renting a house to a tenant who promises to pay when able and willing, and who can specify how the rental fees are to be used (however wise this provision was with the corrupt

Marcos administration; unfortunately, Marcos managed to misuse some of the funds anyway);

(3) Although the bases, especially Subic, are intended to mainly serve as forward staging areas, they can under some circumstances be effective operations bases. It must in turn have been galling to the U.S. that during the Vietnam conflict Marcos objected to the use of the bases for direct military operations.

(4) The fiction of having a Filipino base commander is seen as a hollow gesture by Filipinos, and is probably a minor inconvenience to the U.S.

(5) A vocal minority in the Philippines object to the presence of the bases. Their issues:

--impaired sovereignty.

--exposure to nuclear attack.

--social problems arising from actions of off-base U.S. military personnel.

--inadequate--and uncertain--compensation for the some 66,400 hectares of prime land used by the two bases.

--the feeling that while Japan and the other ASEAN member-countries share the security umbrella, the Philippines carries all of the costs, economic (inadequate and uncertain rentals) and social, and the risks.

2. Suggested Revision of Bases Agreement

a) Let the U.S. frankly state the primary purpose of the bases, but point out the incidental benefit to Japan and Asean.

b) Scrap the mutual defense basis for the agreement. Agree to pay a straight annual lease fee. At \$1.50 per square meter per year, the annual rental for 66,400 hectares (10,000 sq m per ha) would come to \$996,000,000. Equated against the estimated cost of relocating the bases (estimates range up to \$8 billion) and the advantages of the Philippine sites vs alternate sites (including the availability of much lower manpower costs--1/8 of U.S.'s and 1/7 of Japan's costs), and in the perspective of the U.S. plans to spend \$1 billion to \$1.5 billion to upgrade the bases facilities, an initial annual rental of a bit under \$1 billion hardly seems out of the ballpark.

c) In consideration of the change in the arrangement, the Philippines should agree to provide security of tenure to the U.S. for, say, 15 years.

d) also, there should be only one restriction on the use of the bases: that it will not be used for offensive military action vs any Asean countries or Japan.

e) To reduce social abrasions, bases personnel will be required to have tourist visas when off-base and will be required to wear civilian dress, and they will be subject to the jurisdiction of civil authorities for any mis-demeanors, like any other tourists.

f) Asean countries and Japan, in appreciation for the incidental security umbrella provided by the bases, should offer to share a small (token-scale) part of the bases costs--say, something like \$50 million a year. This would be analogous to the owner of a small warehouse, who cannot afford security guards, asking the owner of a nearby large warehouse with a full complement of security guards to have his guards keep an eye on the smaller warehouse, and to scare intruders away--and in appreciation offers to pay a nominal appreciation fee.

g) Addressing Filipino concerns/objections, the Philippine Government can point out (viz-a-viz 1(a) (5) above):

--making available sites for bases that provide regional security, as Japan, UK, West Germany, etc. have done is not a serious impairment of sovereignty.

--in a nuclear war, there are more prime targets than the two bases, and in any case the "nuclear winter" following a nuclear war will affect the Philippines as well as all other areas anyway (note the widespread effect of a single nuclear plant melt-down in Chernobyl, USSR).

--social problems will be reduced. In any case, the same social problems (worse) existed with the Philippine military under former President Marcos (hopefully, to be reduced under President Cory Aquino), but there will always be some social friction around a base (this was so around the U.S. bases even during World War II).

--the revised agreement will provide fairer and more certain compensation. Wisely used the nearly \$1 billion annual income can spur economic development.

--Japan and the other ASEAN countries will be sharing the costs of the security umbrella the bases provide (however, incidental the providing of the umbrella may be), if they can be persuaded to share in the cost of a symbolic contribution to the maintenance of the bases as outlined in 2(f) above.

Think it over: a 15-year lease signed this year would extend the tenure the tenure by about 10 years. But for the next 15 years, starting with this year, the Philippines could be receiving straight rentals--not contingent and with strings attached "aid"--starting at nearly \$1 billion a year, with a reasonable escalation each year. Against the above, if we let the present agreement ride, we would be receiving only \$180 million a year in contingent and with strings "aid" until 1991, and with the uncertainties over the bases over-hanging our relations with the U.S. the economic recovery pace may be critically slower, critically in terms of social and political ramifications.

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CSO: 4200/1157

PHILIPPINES

LAUREL TERMED 'NAIVE' ON U.S. NUCLEAR WEAPONS

HK010559 Manila PHILIPPINE DAILY INQUIRER in English 29 Jun 86 p 4

["Opinion" column by Danilo M. Mariano: "Goodness Gracious, Mr. Laurel"]

[Text] Ask any United States military base commander whether there are nuclear weapons stored in his area of command, and you're likely to get "neither a confirmation nor a denial." That's the standard reply U.S. officials--whether military or civilian--give when so ticklish an issue is brought up, especially when the question involves American facilities on foreign soil. For years, the commanders of both Subic naval base and Clark Field have customarily avoided queries about the presence of nuclear weaponry in their stations with such elusive answers. Sometimes though slipups do occur.

For instance, in 1982 General Ver while chatting with a particularly persistent magazine writer revealed--whether in exasperation or for some other reason--that he personally knew nuclear weapons have been and in all likelihood were still being stored in the U.S. bases in the Philippines. That caused a controversy of sorts as anti-bases and no-nuke advocates pounced on the revelation to drive home their point that the Marcos regime was courting disaster and the wholesale vaporization of millions of Filipinos by continuing to allow the Americans to keep nuclear weapons on Philippine soil.

Besides, when one considers that Subic and Clark form Washington's first line of defense in the Far East and are the home of major U.S. Navy and Air Force commands, one can intelligently guess that Washington's strategists will not miss the opportunity to deploy nuclear weaponry in these forward stations.

No matter how one feels about nuclear weapons or the presence of U.S. military facilities on the territory of a supposedly sovereign republic and despite the "neither-confirm-nor-denry" policy of U.S. officials, there should now be little doubt that the Americans do in fact store nuclear weapons in their bases here.

It was therefore with a great deal of disappointment when we heard Vice President Laurel tell reporters on Friday--after baring ASEAN's plan to declare the region a nuclear-free zone--that he had "no knowledge" about nuclear weapons in the U.S. bases. More naive was his parenthetically statement that "the base commanders don't lie."

Goodness gracious, Mr. Vice President, wake up. This is the real world.

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PHILIPPINES

CUSTOMS SEIZES ARMS SHIPMENTS FROM U.S.

HK010550 Manila MANILA BULLETIN in English 30 Jun 86 p 10

[Article by Hilario D. Embrado]

[Text] Cebu City--Customs authorities here have been alerted over a shift in arms smuggling operations from Manila to Cebu.

This developed as the National Customs Police in Manila, acting on a tip from Cebu, held another shipment of personal effects intended for this port from the United States.

District Customs Collector Eduardo Dayot told the BULLETIN that he received from Manila a long distance telephone call informing him of the interception at Pier 3 in the South Harbor of a shipment purportedly bound for Cebu port.

Following the interception last Tuesday of a number of sophisticated firearms, collector Dayot was tipped off again of another shipment on the way to this port.

The intercepted firearms included five Uzi rifles, assault rifles, smoke bombs, shotguns, pistols, and hundreds of rounds of ammunition that could supply a battalion in an hourlong battle.

The tip of a new shipment prompted Dayot to alert the office of the Commissioner of Customs in Manila to intercept the Cebu-bound shipment which was reportedly shipped by the consignee who shipped the one that which was seized last Tuesday.

At the same time, Dayot ordered deputy district collectors Geodofredo Ursal, Jesus Pepito to examine all shipments of personal effects, particularly those coming from the United States.

Credited for the discovery of the arms shipment here were Col. Ildefonso Puray, district commander of the National Customs Police (NCP), and Capt. Generoso Halican, sector commander of the NCP here.

In a related development, Customs Commissioner Wigberto Tanada directed Dayot in a telegraphic message to prepare all requirements prior to the transfer of the seized firearms to the NCP headquarters in Manila.

Tanada told Dayot to make an inventory and take photographs of the seized arms for purposes of administrative and criminal prosecution.

PHILIPPINES

CUSTOMS UNIT STOPS AMMUNITION RELOADER, ARMS

HK010711 Manila PHILIPPINE DAILY INQUIRER in English 27 Jun 86 p 16

[Text] The Bureau of Customs in Cagayan de Oro City foiled an attempt to smuggle into the country a highly prohibited ammunition reloading machine worth about P240,000 early this week.

District 10 Customs Collector Apolonio A. Kho said that the Leyman branch machine was sent through the mails from the United States to an Indian national, Dr Henry Daswani. It was declared as dies for hand tools.

The consignee could not present authorization papers from the Firearms and Ammunition Division in Camp Crame.

Customs authorities alleged that some military men of the Regional Command 10 have been trying to release the machine. Some soldiers have even sent endorsement letters to customs officials.

The automatic reloading machine is highly sophisticated apparatus, which needs only an empty shell, gun powder and a bullet head to reload a bullet.

Meanwhile, Cebu customs authorities seized the other day a shipment of high-powered firearms and thousands of rounds of ammunition concealed in a cargo of golf sets and amplifiers which came from the United States.

The shipment, consisting of eight Uzi rifles, one .22 caliber telescopic rifle, one .357 caliber pistol, one .45 caliber pistol, several smoke grenades and 10,000 rounds of assorted ammunition, is enough to arm a battalion for an hour-long gunbattle, according to customs authorities.

District Customs Collector Eduardo Dayot said he had already informed Customs Commissioner Wigberto Tanada of the confiscation.

The shipment, consigned to Noli Saoris of T. Padilla Street here, came from Dallas, Texas. It arrived in Cebu via the Aboitiz con-carrier 171 last June 20 as transshipped cargo from Manila aboard the President Monroe of the APL Lines. It was seized at the API warehouse at the Cebu port where it was stored upon arrival from Manila and waiting to be claimed by its owner.

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CSO: 4200/1181

PHILIPPINES

FORMER JUSTICE ACCUSED OF SUPPRESSING AQUINO EVIDENCE

HK010739 Manila PHILIPPINE DAILY INQUIRER in English 28 Jun 86 pp 1, 6

[Article by Lindablue F. Romero]

[Text] Agrava Fact-Finding Board general counsel Francisco Villa yesterday said former Tanodbayan Justice Bernardo Fernandez suppressed vital evidence which could have led to the conviction of respondents in the Aquino-Galman case.

Villa was referring to the affidavits of several United States servicemen that two Philippine Air Force jet fighters from the Wallace airfield in La Union tried to intercept or divert an incoming plane which was carrying former Sen Benigno S. Aquino, Jr.

The affidavits were relevant material evidence for the prosecution which could have bolstered the majority report of the Agrava board that there was a military conspiracy in the assassination of Ex-Sen. Benigno Aquino Jr., Villa said.

"The suppression of these materials by the Tanodbayan was an act intended to subvert the ends of justice as well as to block and foil the successful prosecution of the case," Villa added.

He added that the evidence would have proved that former AFP [Armed Forces of the Philippines] Chief of Staff Gen. Fabian C. Ver was closely monitoring the movements of the former senator. Despite earlier information that Aquino would be arriving at MIA [Manila International Airport] via the China Airlines plane, the military tried to intercept a private aircraft to make sure that they can get hold of Aquino, Villa said.

Villa, the third witness of the petitioners in the mistrial bid confirmed an earlier testimony of Deputy Tanodbayan Manuel C. Herrera before the Vasquez commission currently hearing charges of collusion and pressure in the Aquino-Galman case.

The "scrambling" of PAF [Philippine Air Force] jets took place in the early morning of Aug. 21, 1983.

The US servicemen alleged that the PAF jets "scrambled" to intercept an inbound plane which was later identified as RPC 1964.

Their affidavits said the six airmen were at the control tower of Wallace air base recording the incoming and outgoing aircraft that would pass within the jurisdiction of Clark Air Base.

The affidavits of the US servicemen coincided with the earlier findings of the board regarding the activities at the Wallace air field. Villa said he conducted an investigation on the activities at Villamor air base and at the Manila International Airport. He also claimed to have checked the logbook of the Bureau of Air Transport.

"This is why I wanted to explain the importance of the affidavits to Justice Fernandez," Villa said. He added that Fernandez's reasons for not using the affidavits as evidence were baseless and groundless.

According to the comment submitted by Herrera to the high court, "the Tanodbayan asserted that the affidavits were not admissible because they were not properly authenticated."

However, Herrera said he maintained that "that was not the issue, but the materiality and relevance of the testimony of the Americans who have signified their willingness to come over and testify."

According to Villa, Fernandez did not give him any copy or even allowed him to read the affidavits in the Tanodbayan's office, when he asked for them.

Villa said he was all the more surprised to find out that the defense had a copy of the affidavits.

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CSO: 4200/1181

PHILIPPINES

KBL LEADERS REACT TO AQUINO CLAIMS ABOUT MARCOS

HK230435 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 21 Jun 86 pp 1, 3

[Text] KBL leaders took exception yesterday to the claim by President Aquino that deposed President Marcos is trying to destabilize the country and that he is behind a disinformation campaign, which triggered reports on an impending military coup. Acting KBL President and former Speaker Nicanor Yniguez and former MP Manuel Garcia said that, on the contrary the destabilization of the country started with the scrapping of the constitution and is now being escalated by the manipulation of the communists, whose leaders the president released from detention.

The abolition of the legislature, the illegal replacements of local officials by officers-in-charge and the handpicking of the members of the Constitutional Commission, aggravated the situation, they added.

Former MP Rafael Recto, lawyer of Marcos, said the rallies staged by Marcos loyalists in favor of Defense Minister Juan Ponce Enrile on EDSA [Epifano De los Santos Avenue] "were sincere and determined efforts to defend him against communist elements."

"President Marcos had nothing to do with the spontaneous demonstrations that saw the participation of people determined to preserve democracy in the country," Recto said.

Recto also deplored the cancellation of the passport of Dr Claver Ramos, kidney specialist and personal doctor of the former president. "The cancellation of Dr Ramos' passport, and mine, is not only vindictive but also inhuman," Recto said.

The statements of the KBL leaders and Recto were endorsed by a new movement, Loyalists for Democracy [LFD] whose members represent businessmen, farmers, industrialists, youth and labor groups, and professional, religious and civic organizations.

The LFD said "national leadership must immediately take steps to eradicate the people's disappointment in the Aquino government's policies of hate and vengeance, must now resolutely pursue commitments for national reconciliation and unity, and govern by consultation not dictation. Only through this can we hope to succeed in endeavors for national socio-economic recovery and progress," the LFD concluded.

PHILIPPINES

AQUINO CASE LAWYERS SEEK MARCOS RETURN FOR TESTIMONY

HK261529 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 26 Jun 86 p 2

[Text] Defense lawyers in the Aquino-Galman murder case are seeking the return of former President Marcos to the country so he can testify before a Supreme Court-created commission on allegations that he had ordered the acquittal of all the 26 accused in the case.

Antonio P. Coronel, counsel for Gen. Fabian C. Ver, told reporters during a break in the hearing of the commission yesterday that the testimony of the ousted ruler is "essential part" of the commission's proceedings. The commission, composed of retired Supreme Court Justice Conrado Vazquez as chairman and retired appeals court justices Milagros German and Eduardo Caguioa, is in the second week of its hearings on charges that Marcos whitewashed the case.

Coronel said he would ask the commission to arrange with the Philippine Government the coming home of Marcos, principally to refute the allegations against him made by Deputy Tanodbayan Manuel C. Herrera, chief of the panel which prosecuted Ver and all the other accused.

Coronel said he had already talked with former MP Rafael Recto, Marcos's lawyer here, last Monday. Recto had allegedly assured Coronel that Marcos was willing to come and testify.

"The government can do what it wants, but as far as we are concerned, that's what we want. We want him to come here and testify," Coronel said.

Whether the government agrees or not is something that cannot be anticipated at this point, Coronel said. But, he stressed, the defense in the murder case will ask the Aquino government to allow Marcos to come back so he can testify.

Herrera had charged that Marcos called him, together with then Tanodbayan Bernardo P. Fernandez and former Sandiganbayan Presiding Justice Manuel Pamaran, to a meeting in Malacanang 1st Jun. 10, 1985.

It was during this meeting that the Tanodbayan and the Sandiganbayan officials were reportedly instructed by the ousted strongman to stage a mock moro-moro [farce trial] trial of the murder case which arose from the 1983 killings of former Sen. Benigno Aquino Jr., and Roland Galman.

PHILIPPINES

KBL CALLS FOR HOLDING ELECTIONS 'IMMEDIATELY'

HK240309 Manila MANILA BULLETIN in English 23 Jun 86 pp 1, 23

[Text] The Kilusang Bagong Lipunan (KBL) called on the Aquino government yesterday "to prove the sincerity and determination of its repeated calls for national reconciliation and unity by holding immediately elections for local and legislative officials."

Party leaders, headed by former Manila MP Arturo M. Tolentino, KBL titular head, former Speaker and acting KBL President Nicanor Yniquez, and KBL Secretary General Manuel Garcia said "only the holding of elections will pave the way for political and economic stability in the country."

"The present regime has spawned the worst form of dictatorship that has disappointed the masses of our people who expected to be governed by consultation, not by dictation, because this was pledged by Mrs. Corazon C. Aquino during the election campaign," the KBL leaders said.

They pointed out that Amendment No 6 which Mrs. Aquino had pledged to eradicate during the election campaign was instead used to abolish the Constitution, dismantle the Batasang Pambansa, and dictate upon the people.

"The Aquino administration then proceeded to impose a bogus Freedom Constitution and to violate human rights through illegal sequestration of private property and the imposition of unlawful freeze and hold orders," Tolentino said.

Tolentino stressed that "the appointment instead of election of members of the Constitutional Commission to formulate a new constitution has further alienated the people, including numerous supporters of the Aquino government."

Yniquez noted that "the regime's illegal acts and orders, and the imposition of confusing socio-economic policies have sown hate, vengeance, and vindictiveness which have fortified communist endeavors to conquer the country and its people."

Garcia said the immediate holding of local and national elections, even before completion of the proposed new Constitution, would "make the people choose their own leaders in a democracy and successfully bring the nation closer to political and economic stability."

PHILIPPINES

EDITORIAL URGES HOLDING EARLY ELECTIONS

HK240251 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 23 Jun 86 p 4

[Editorial: "The Case for Early Polls"]

[Text] Elections, Malacanang has announced, will be held not this year as expected but early next year. In other words, the consolidation of the party or parties in power has not exactly been accomplished by the local government ministry. Extra time is apparently needed by the officer-in-charge [Oic] so that they can deliver to Mr Pimentel when the day of reckoning comes.

But rather than settle one of the most bitter controversies spawned by the Aquino government, the announcement of the forthcoming elections raises more questions than answers. And unless some issues are clarified, such may appear to be a politician's platitude, rather than a policy dictum. And if this is the case, then the uncertainties and the instability at the very level where the fight for allegiance or even ideology is most fierce, cannot but worsen.

First, and probably foremost, the principle of local autonomy is at stake. It is not a matter of exorcising every wisp of the Marcos specter. It is not a matter of seeing the Marcos influence in the local officials whose only sin, if this can ever be a sin, is to wear the wrong political badge. People from all over want to elect the local officials who will govern them, and their right to do so has been enshrined in all the constitutions the country has known. Ramming officials down their throats, no matter how good or effective such officials may be, does not sit well with people who want democracy. The fact alone that Mr Pimentel's Oic's are still embattled show how dear or sacred the principle of local autonomy is to the hearts of those in the countryside.

Second, people are asking why the elections should be interlinked with the approval of the new constitution. What if the people reject the new proposed charter? Or is it a matter of blackmailing the people, of telling them that unless they approve or ratify the Aquino Constitution, there will be no elections?

We need elections to stabilize the countryside. Surely, the government knows this. Delaying elections can only exacerbate tensions and instability--to the obvious glee of those who are just waiting for the ripe moment to take takeover.

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CSO: 4200/1157

PHILIPPINES

DIMAPORO DENIES 'MALICIOUS' PRESS AGENCY REPORT

HK300834 Manila THE MANILA TIMES in English 27 Jun 86 pp 1, 6

[Text] Former Lanao del Sur Gov. Ali Dimaporo yesterday deplored as malicious and libelous an ASSOCIATED PRESS report quoting him as saying, "I unabashedly intend to embarrass President Aquino."

Dimaporo said he was interviewed by correspondent Steve Le Vine and reporter Criselda Yabes of the ASSOCIATED PRESS who taped recorded his answers to their questions.

"The record will confirm that contrary to the AP report, I never shouted nor stated that I intend to embarrass President Aquino; what I clearly stated was that I will prove my point that our political opponents are impotent to beat us in the coming elections in Lanao," Dimaporo said.

He stressed "the office-in-charge appointed in the various municipalities of Lanao cannot do anything; most of them do not come from these municipalities which they cannot even visit, so how can they win?"

"That is why I said, mark my words, and I stress this point, that our political opponents in Lanao will be embarrassed, we will lick them in the coming elections," Dimaporo clarified.

He emphasized that "my record and my past public statements will confirm we have repeatedly offered to cooperate with the Aquino government in the fight, to the last drop of our blood," against the insurgents and the communists."

"We have been fighting the communists and have been supporting and cooperating with the government in this endeavor under all presidents the country had," Dimaporo said.

He added that "I have repeatedly named the communist-sympathizing officials of the Aquino government, and I urge they be fired immediately for the successful attainment of national reconciliation and unity for socio-economic recovery and progress."

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CSO: 4200/1181

PHILIPPINES

EDITORIAL ON DEGREE OF PRESIDENTIAL POWERS

HK011551 Manila MANILA BULLETIN in English 1 Jul 86 p 6

[Editorial: "Presidential Powers"]

[Text] Former Labor Minister Blas F. Ople has a point. The president of the republic should not be emasculated to the point of impotency. But this needs a careful scrutiny of the presidential powers plus a faithful examination of how presidential powers were exercised in the past.

A review of the presidential powers has become inevitable because of the experience under President Marcos. He was able to rule by martial law for such a long time that the nation has decided that never shall that experience be repeated.

To declare martial law in such fashion was the source of the problems and the Constitutional Commission is doing something about it.

As it happens, a lot of proposals are being aired in the public hearings for the purpose of preventing the recurrence of problems brought about by martial law. Some of the proposals are fit subjects for legislation and should not be included in the organic law.

The most important thing needed is to limit the power of the president to declare martial law and suspend the privilege of the writ of habeas corpus. Whether this should be done by judicial review or otherwise should be studied by the experts on the Constitution.

A conservative approach to constitution-making is recommended in order to avoid frequent amendments. A conservative approach means limiting the changes to those which have clearly given problems to the country through the year.

A constitution is changed in order to minimize state problems. But if precautions are not taken, a new constitution might breed problems.

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CSO: 4200/1181

PHILIPPINES

EDITORIAL OPPOSES PROPOSED BICAMERAL LEGISLATURE

HK010549 Manila MANILA BULLETIN in English 29 Jun 86 p 6

[Editorial: "Less Government"]

[Text] It is reported that reaction to the proposal that the bicameral legislature be restored has been favorable in some parts of the country. It is hoped that such reaction is not induced by nostalgia, since nostalgia has very little to do with government efficiency.

Our principal objection to a bicameral legislature is that it injects too much politics into the government, so much so that leaders have very little time left for thinking about constructive policies.

In practice, as we found out before martial law, a president has to contend with the politics of a House and that of a Senate in order to get an important bill, such as the General Appropriations Bill, approved. There comes a time when hostility of a chamber to the Chief Executive can block important proposals coming from the palace.

While it is true that a bicameral legislature acts as a powerful filter, the delay it causes is not worth its checks-and-balances function. On the other hand, a unicameral system is simple and more efficient.

One of the objectives of a developing country is to prevent the creation of a bloated government, which is synonymous to red tape, abuse, and excessive government spending.

In the hearings of the Constitutional Commission, proposals to create this or that are being aired. Such proposals in effect promote "big government" at a time when the country needs less government.

Big government tends to leave less freedom to the citizens.

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CSO: 4200/1181

PHILIPPINES

NEW GROUP SEEKS OUSTER OF LABOR MINISTER

HK241600 Manila MANILA BULLETIN in English 24 Jun 86 pp 1, 8

[Text] A new labor group calling itself labor's third force said yesterday it would support a move for the ouster of Labor Minister Augusto S. Sanchez whom it described as "leaning too closely to the Reds."

The group, the Pambanasang Diwa ng Mang Gagawang Pilipino (PDMP) [National Spirit of Philippine Workers], said it was raising a number of issues against Sanchez, including his performance as labor minister.

But PDMP President Jose "Jojo" Oca said he would air these issues "at the proper time."

Oca told a press conference that his labor center counts on 22 member federations and independent unions with a membership of about half a million.

The labor group is now larger than either the Trade Union Congress of the Philippines (TUCP) or the Kilusang Mayo Uno [1 May Movement] (KMU), Oca said.

He stressed that the PDMP would make its influence felt in labor policies of the government and work against the intrusion of foreign elements in Philippine affairs, particularly labor matters.

Part of the PDMP platform is to work for the organization of an independent National Labor Relations Commission, for tripartism in government bodies dealing with working people, and for the appointment of a labor minister "devoid of vested interests."

The PDMP adopted in its constitution a clause against union-raiding as well as "company unionism" and other "corrupt and undemocratic influences" in the labor movement.

The group held its founding convention at the Asian Institute of Tourism last Sunday when it also held its first national elections.

Aside from Oca who was elected president, the other officers elected were Antonio Diaz of the Philippine Social Security Labor Unions, executive vice president; Marcelino Lontok Jr., of the National Association of Trade Unions (NATU), national secretary.

Salvador Purisima of the Philippine Labor Unity Movement (PLUM), treasurer; and Jack Tamayo of the Philippine Labor Alliance Council (PLAC), auditor.

Among the vice presidents elected were Paquita Flores, Isauro Almayda, Nick Suarez, Bobby Oca, Pete Torabugo, Alex Ricardo, Baby Rafols, Molly Paran, Gregorio Oca, Oliver Gesmundo, Deogracias Dagum, Ben Pineda, Max Brual and A. Salcedo.

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CSO: 4200/1157

PHILIPPINES

MARCOS LOYALISTS DENOUNCE MANILA MAYOR

HK230919 Manila THE NEWS HERALD in English 21 Jun 86 p 2

[By Marichu Villanueva]

[Text] Marcos loyalist groups yesterday denounced acting Manila Mayor Mel Lopez Jr for his "arbitrary" de-listing of Freedom Park in Malacanang as a venue for peaceful assemblies. The loyalists groups led by Annie Ferrer of Samahang Pagkakaisa [Organization for Unity] which had applied at the City Hall for permit to hold their protest rally at the Malacanang Freedom Park on Sunday, took note of the "seeming haste" by which Lopez made the move after President Aquino took up residence at the Palace. Ferrer's group is one of the many splintered Marcos loyalist associations which have been holding every Sunday protest rallies at the Quirino grandstand in Rizal Park.

WPD [Western Police District] superintendent Brig Gen Alfredo Lim Told NEWS HERALD WPD intelligence recommended that Ferrer's application for a rally permit be denied. Lim said his office recommended that Ferrer's group instead be allowed to hold their protest rally at the Liwasang Bonifacio.

In his order, Lopez replaced the Malacanang Freedom Park on J.P. Laurel St with Plaza Moriones in Tondo. The park had become the site of "people power" assemblies airing protests and grievances against Malacanang.

The loyalists demanded the return of the use of the Freedom Park to the people who they said have the right to hold peaceful assembly as guaranteed by the new dispensation.

City Hall insiders said that Lopez' sudden change of heart about Freedom Park was brought on by "pressures" from Malacanang.

Meanwhile, Kilusang Bagong Lipunan (KBL) yesterday said "it is not former President Marcos but the Aquino government itself that has been destabilizing the country now being governed by vengeance, hate, divisiveness, and confusion through the manipulation of the communists."

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CSO: 4200/1157

PHILIPPINES

PAPER BLASTS GOVERNMENT, MEDIA DISMISSAL OF LOYALISTS

HK230939 Manila THE MANILA EVENING POST in English 20 Jun 86 p 4

[Editorial: "Those Marcos Loyalists"]

[Text] Although it is not openly expressed, a most nagging problem to the Cory government and its advisers is the increasing response to the ever-growing number of loyalists for Marcos. There is an apparent attempt to downgrade the movement, especially the Sunday rallies, with certain media, print and broadcast, seemingly conspiring to dismiss the movement as a pesky annoyance, an inconvenience at most that must be endured as a price of "new-found freedom"—an attitude, however, that cannot be reconciled with the violence and brutality with which loyalist crowds have been dispersed.

Bernardo Villegas, economist and Opus Dei stalwart, now member of the Con-Com and at the moment riding high, brags that the loyalists "are mosquitoes and we can deal with them like mosquitoes." Well, mosquitoes have been known to afflict epidemics on entire populations and to acquire a resistance to chemical repellants. Mr Villegas is better advised to improve his figures of speech.

If they are so insignificant, as Mr Villegas insists, why are authorities so nervous? Why do they bring out all that armory into the streets and proceed to lay it on the hides of these loyalists who are further insulted by being called variously "bought," "benighted," "squatter-poor"?

Gen Fidel V. Ramos, Armed Forces chief, however, seems to have a better grasp of political reality. He says of the loyalists: "They remain a significant force to reckon with...considering the large amounts of resources at their disposal with which to regain power." As a professional leader, he does not take things for granted.

These two very disparate assessments once again prove the uneven quality of advice given this administration by its civilian advisers. Mr Villegas's statements are particularly galling—and revealing. For a man with such credentials, his insights are shallow and he is revealed a snob. People who protest are mosquitoes and may be swatted mindlessly?

Then how explain why the loyalist ranks are growing and why, rain or shine, they gather at the Luneta every Sunday, unmindful of the insults and the taunts from government people and their slobbering media friends?

Except for a Recto, there is no aristocrat or illustrado among them, no name of any consequence. They are not of the Ugarte Village crowd; they are common, ordinary Filipinos in whose name and for whose sake the shibboleths "freedom" and "democracy" are often invoked.

Our crony columnist has dismissed them thus: "Because of poverty, members of the urban poor are easily conscripted for political action by demagogues who can offer money. The basis of their relationship is cash."

With the known addiction of many columnists today to cash, let us just say he is probably measuring them according to his own habit.

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PHILIPPINES

COLUMNIST EXAMINES VIOLENCE AT PRO-MARCOS RALLIES

HK010537 Manila THE MANILA EVENING POST in English 27 Jun 86 p 4

[*"Passing Through"* column by Emilio H. Serrano: "Escalating Violence"]

[Excerpt] There is persistent buzzing in loyalist ranks that the violence at many of their rallies has been started by men now being trained in the fine art of mayhem and death in an estate in Central Luzon. These agents had their first baptism in the two bloody dispersals of loyalists on Roxas Boulevard on May 1 and then again on Mar 4. It is a private army disguised as Capcom [Capital Regional Command] and police and its men were very visible, it is said, in the gassing, truncheoning, and hosing of the boulevard crowds on those two dates. While rumors like this should be held at arm's length, one is struck, however, by some startling coincidences.

There is, over all, the systematic and consistent escalating violence at these rallies, beggaring the worst instances of brutality the former regime ever unleashed on yellow crowds in their time.

Blood and guts were spilled June 1 around the Batasan when demonstrators proceeded to Batasan in culmination of the biggest loyalist outpouring yet. On that day, the bloodied and harassed Batac marchers were met at the Quezon Memorial Park by one million people.

Probably stung by such a spontaneous outpouring, this shadowy army retaliated June 8, on Ayala Bridge, leaving a death toll of countless, including some stabbed in the Quiapo Muslim Mosque and others shot in the back and heaved from the bridge into the Pasig. The latest violence was last Sunday's on EDSA [Epifano de Los Santos Avenue] and once more, the ATOM [21 August Movement] is repeatedly mentioned in the same breath as this private army.

It must be this "army" giving a nonentity like June Simon the courage to say: "Walang Enri-Enrile sa akin [you can't use the name "Enrile" to scare me]." Simon is quoted frequently as saying the most intemperate remarks, which boiled down, mean one thing: there will be no rally against Cory while he's around.

Ditto for Jejomar Binay whose presence was noted in at least one of the two violent May dispersals of the Roxas Boulevard Loyalists. Not to be outdone, comes Mel Lopez from whom one might expect some Sherwood Forest kind of chivalry because he is a genuine tondo boy. But no.

Of the loyalists, he sneers: Why insist on Luneta? Pa-class-class pa kayo [You pretend to have class.] Next Sunday is going to be the last permit he will allow for Luneta, he swears, and in the next second he is photographed marching to celebrate Araw ng Maynila [Manila Day], a latter-day conqueror hitching up his pants around puny legs, and surrounded by his bodyguards.

If there is anything that has marked this administration, it's the proliferation of dwarfs who have suddenly put on elevator shoes, nondescript men pulled out of dullness and pumped full with hot air to become balloon giants.

While we're on this, how true are the stories that machine gun emplacements were at the ready in the Malacanang grounds on June 8, ready to massacre demonstrators if they had succeeded in reaching Freedom Park?

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CSO: 4200/1181

PHILIPPINES

CONCOM REACHES CONSENSUS ON FEBRUARY ELECTIONS

HK300355 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 28 Jun 86 pp 1, 2

[Article by Melchor Parale]

[Text] A consensus firmed up yesterday among Constitutional Commission members for the holding of synchronized local and legislative elections on Feb. 25, 1987.

The committee on amendments and transitory provisions agreed on the date which is one month earlier than that proposed by former Labor Minister Blas F. Ople, committee vice chairman, who yielded to an amendment submitted by Crisipino de Castro in a public hearing.

Ople, along with Rustico de los Reyes, Teodulo Nativida and Regalado Maambong, had earlier submitted a resolution proposing elections on March 25, 1987.

As agreed upon, the synchronized local and legislative polls are to be held 90 days after the people's ratification of the new Constitution.

Proclamation No 9 which created the Con-Com provides that the new charter should be completed not later than Sept. 2. It will then be submitted to a plebiscite in November or 60 days after.

The transitory provisions committee headed by Jose Suarez also agreed on the exclusion of barangay officials in the polls, also upon Ople's acceptance. The idea, Ambrosio Padilla said, is to avoid a long ballot that could confuse the electorate.

The rejection of Resolution No 111 authored by Ople's group seeking a new presidential polls became moot as the Suarez committee, reinforced by more members from the majority, voiced opposition.

From an original seven, the committee membership has swelled to 18, making Ople's three-man representation an insignificant minority.

The adopting of Resolution No 149 authored by Jose Bengzon Jr. proposed a fixed six-year term for President Aquino and Vice-President Laurel was held certain.

Bengzon said that his resolution only seeks to reaffirm the Aquino-Laurel people's mandate since, he said, the legitimacy of the new government has been acknowledged here and abroad.

Also debated was a proposed resolution of the opposition seeking to affirm the validity of all laws, decrees, proclamations and other issuances existing at the time of the ratification, unless inconsistent with the new Constitution.

Padilla objected to the proposal, saying it would embrace various unconscionable Marcos decrees that have been challenged before the Supreme Court.

Ople stood his ground, reminding that "this is an act of normal prudence to protect earned rights and contractual rights based on accumulated laws."

He also took pot shots at the appointment of OIC's [Officers in Charge] which, he said, "sowed dissension, discord and instability, a dangerous problem that can only be corrected through elections."

In another hearing, the judiciary committee presided by former Justice Roberto Concepcion, voted for:

--Reduction of the Supreme Court membership, from 15 to 11;

--Review by the Supreme Court before any treaty entered into with foreign nations is ratified;

--Mandatory provision for the high tribunal to decide on all cases elevated to it, including political questions.

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CSO: 4200/1181

18 July 1986

PHILIPPINES

EX-SPEAKER PREDICTS CONCOM TO MISS 2 SEP DEADLINE

HK010622 Manila THE NEWS HERALD in English 30 Jun 86 pp 1, 6

[Text] Former speaker Jose B. Laurel Jr. predicted yesterday the Constitutional Commission (Con-Com) would not meet the Sept. 2 deadline set for completing work on the new constitution.

The veteran Batangas legislator who presided over the defunct House of Representatives explained that experience would show that too much deliberations during the period of sponsorship, interpellation and amendment on second reading would bog down the work of the body.

Laurel, who is also a Con-Com member, said two factors may be responsible for the delay: the membership, all of whom have shown different leanings and ideas on what a new charter should contain, and the lengthy debates that could be expected as a result of a pluralistic grouping.

He also said that it would not be beyond some members to resort to "grandstand antics" for publicity or merely to build up their own image at the expense of others. This, he said, is natural and was common in the defunct House of Representatives.

He noted that if it took the Con-Com nearly three weeks to adopt a new Preamble to the constitution and quibble for hours over the word "love," how much more would it take to discuss vital issues of the new charter.

"And there are hundreds of these provisions to be taken up one by one, based on the 1973 Constitution which is our working draft," he said.

Laurel could not attend the meeting early last week called by President Cecilia Munoz Palma to urge the Con-Com members to speed up their work and meet the deadline. He was bedridden following extraction of five teeth.

The Con-Com had already ended the period of sponsorship and interpellation of a provision on citizenship but deferred going into the period of amendment until after July 7 then public hearings in the provinces will be practically over. Neither has it submitted to the floor on second reading, the form of government to be adopted--presidential or parliamentary--for the same reason.

It is now in the process of sponsorship and interpellation of provisions on Philippine national territory which resulted in a collision of views on the floor, particularly over the issue of Sabah.

At 10 a.m. today, the judiciary committee, headed by former Chief Justice Roberto Concepcion, will begin discussion on a resolution of member Ricardo Romulo to create a permanent judicial and bar council to screen candidate for judicial offices, including the Supreme Court and the intermediate appellate courts, to gather data on the status of the various courts of justice, to recommend corrections in the administration of justice and to propose means of expediting cases, and to recommend programs to improve law schools.

Romulo said the council will be composed of the Supreme Court Chief Justice as ex-officio chairman; the court administrator as ex-officio member, and three members, one to be nominated by the Integrated Bar of the Philippines, another by the Association of Philippine Law Schools and the third by the Supreme Court from among the retired justices.

Romulo added that the President of the Philippines would fill vacancies in the judiciary from the list of nominees submitted to him by the council as approved by the Supreme Court. Funding of the new body would be handled by the legislature.

At the same time, member Florangel Rosario Braid, chairman of the general provisions committee, will take up anew the professionalization of the armed forces but with emphasis on the separation of the Integrated National Police (INPP) from the Philippine Constabulary (PC).

Members Teodulo Natividad, Rustico de los Reyes, Regalado Maambong and Blas F. Ople have proposed in Resolution No 243 that the PC and the INPP be integrated into a new organization to be called the Philippine National Police (PNP).

The section to be discussed by the general provisions reads:

"The legislature shall by law integrate the Philippine Constabulary and the Integrated National Police into a Philippine National Police which shall be civilian in character. The authority of local executives over local units of the PNP shall be provided for by law."

The Ministry of National Defense opposed the move to remove from it the constabulary. It had no objections, however, to returning the police forces to the local governments.

The schedule to today's meetings at the Batasan follows:

Legislative committee, 10 a.m.; executive committee, 2 p.m.; national economy, 3 p.m.

Former Bulacan MP Blas F. Ople, leader of the opposition in the Constitutional Commission, asked President Aquino yesterday to reconsider her memorandum vesting the Presidential Commission on Good Government in addition to its sequestration and other extraordinary powers, the power to vote shares in sequestered companies and assets pending determination of their true ownership.

The opposition leader, who has filed a draft resolution terminating the sequestration powers of the PCGG and vesting them in the courts upon ratification of the new constitution, said the presidential memo was tactically motivated by the PCGG's immediate aim to seize complete control of the United Coconut Bank in the general stockholders' meeting today.

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CSO: 4200/1181

PHILIPPINES

PAPER OPPOSES 'NATIONAL LANGUAGE' MEASURES

HK300824 Manila THE NEWS HERALD in English 27 Jun 86 p 4

[Editorial: "A National Language by Choice, Not Force"]

[Text] The language issue resurrected in the Constitutional Commission [Con-Com] is one that should be laid to rest permanently.

Affirming Filipino (or Pilipino, as some would insist it should be spelled) as the national language, the Con-Com's committee on human resources approved a provision that would make it mandatory for the government to "further develop, enrich, and use Filipino as medium of communication in all branches of government and as the language of instruction and research on all levels of education."

With its tenor and intent the provision could not help but stir a tempest in the teapot. Indeed, the non-Tagalog's who comprise the majority of the 48-member commission quickly showed it was not their cup of tea, vowing to re-cast the provision through amendments during the plenary debates into a forum more acceptable to them.

The non-Tagalog speaking commission members' aversion to Filipino as the national language is understandable. They are justly proud of their own languages, which they feel are in no respect inferior to the official Philippine lingua franca. And they take vehement exception to the idea the adoption of an official national language implies, that one mark of the nationalist is his ability to use the mandated language of the nation. The Cebuano, for example, could argue convincingly that he is no less nationalistic because he insists on speaking the language of Lapu-Lapu (or its modern version) unless circumstances force him to switch to English or Filipino.

The point we are trying to make here is, forcing a national language down the throats of a polyglot people defeats the purpose of strengthening their unity. Despite the fact that they speak a variety of languages, in spirit the Filipinos are united. Creating a national language by legislation or any other artificial means has never set well with the freedom-loving Filipinos who unselfconsciously use English and Tagalog (Filipino or Pilipino if you please) not because they are mandated to do so but because they, as well as the other Philippine languages, lend themselves naturally to the Filipinos' requirements for self-expression and communication.

In sum, a national language for Filipinos will neither be legislated nor mandated but evolved naturally by the native users themselves.

PHILIPPINES

LEGAL ACTION EXPECTED OVER PCGG TAKEOVER OF UCPB

HK011440 Hong Kong AFP in English 1419 GMT 1 Jul 86

[Text] Manila, July 1 (AFP)--Aggrieved stockholders are to take legal action against a government commission's takeover of the United Coconut Planters Bank (UCPB), the corporate secretary of the Philippines' second largest bank said Tuesday.

The Presidential Commission on Good Government (PCGG) Monday froze some 95 percent of the UCPB's outstanding stocks on suspicion that they were controlled by Eduardo Cojuangco, a close ally of deposed president Ferdinand Marcos.

The powerful panel voted on the shares in Monday's annual stockholders meeting, filling all 15 seats in the UCPB's board of directors.

"We anticipate that suits will be filed to question the validity of their election," erstwhile UCPB corporate secretary Eleazar Reyes said in an interview aired over state-run television.

Both Mr. Marcos and Mr. Cojuangco are now living in exile in the United States.

President Corazon Aquino, who came to power following an uprising which toppled Mr. Marcos, has created the panel to try to recuperate the alleged worldwide fortune of Mr. Marcos and his associates, which she claims were illegally acquired.

UCPB is the second largest bank in the Philippines, and is nominally owned by the country's 15 million mostly impoverished coconut farmers and their dependents who pay the government levies on coconut products.

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PHILIPPINES

'TENTACLES' OF GOOD GOVERNMENT COMMISSION VIEWED

HK010709 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 30 Jun 86 p 4

[Editorial: "PCGG Reaches Out—and How"]

[Text] It was the Marcos hand, or those of his cronies, in almost every pie, and this spelled doom and gloom in the recent yesteryears, his critics used to say. Marcos and those around him never knew when to stop, they said.

And this is in fact the unending refrain of those probing his so-called ill-gotten wealth and those of his relatives or associates.

In the new regime, President Aquino has taken pains to distance herself from the vortex of power. By design or by accident, the Aquino presidency has been, and still is projected as the very antithesis of the Marcos years, particularly in keeping itself clean or above suspicion.

Unfortunately, however, the Presidential Commission on Good Government [PCGG], one of earliest [as published] creations of the Aquino government, is perceived as one with a thousand and one tentacles, each extended towards the business community. Statistics easily tell the PCGG story.

A briefing paper prepared by the U.S. Government showed that the presence of the Aquino government in business had become increasingly dominant, because of the sequestration powers of the Salonga commission.

It has not only seized the controlling interest in San Miguel Corp., the country's largest manufacturing enterprise; its tentacles have also reached some 180 companies and the sequestered assets now total some P29 billion.

And, again rightly or wrongly, because it apparently sees Defense Minister Juan Ponce Enrile as a "threat" to its power expansion, the PCGG is again poised to exercise its tremendous powers when the United Coconut Planters Bank meets today, with Enrile not even sure of maintaining his seat in the board of directors.

And as if to accentuate its powers and serve notice that it is above public opinion, the Salonga commission is proudly waving the papers showing the

powers it somehow wangled from the Aquino government only last June 26, when the President signed an order granting it blanket authority to exercise ownership rights and voting privileges over sequestered corporate shares.

Finally, with the grant of its expanded powers, the PCGG has shed all pretense of acting like a good guardian, with its sequestration powers far in excess of those exercised by the Marcos regime. And the funny thing is that those who cried "Foul!" to high heavens when the previous government was doing its thing are either wallowing in silence or are probably waiting in the wings to be appointed to the seats in private companies now up for grabs, courtesy of the PCGG.

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CSO: 4200/1181

PHILIPPINES

COLUMNIST CONDEMNS COMMISSION'S EXPANDED POWERS

HK010543 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 30 Jun 86 p 4

["As We See It" column by Val Abelgas: "PCGG Gets Super-Powers"]

[Text] We wished it was just a joke--the granting of additional powers to the already super-powerful Presidential Commission on Good Government [PCGG]--just like the many boo-boos that several top government officials have uttered in public lately. If it were President Aquino herself, or Executive Secretary Joker Arroyo, or any other Cabinet member who made the announcement, we could have thought it could just be another joke. But it was the PCGG itself--that government entity whose acts provoke hatred rather than laughter--which made the announcement (why the haste?), so we know it was something serious.

Indeed, it was something very serious. The announcement came at a time the business community was raising a howl over arbitrary sequestration of private corporations and the undue interference of government in private business. It came at a time the courts and the Securities and Exchange Commission were still hearing arguments on the legality of the PCGG's moves to take over the questioned shares, nominate directors to sequestered corporations and virtually run the affairs of these firms. It came at a time the government was trying to woo business to infuse money into the economic stream and to move out of their present wait-and-see attitude into a more active participation in the national recovery program. In the haste to recover alleged hidden wealth of Marcos cronies, public opinion does not matter anymore?

So what happens now? The PCGG can now take over any corporation it suspects to be owned by President Marcos or his alleged cronies, remove all the officers and name its own, run the affairs of the company, channel its funds to other firms, dispose of some of its assets or even sell the company itself. All without the benefit of due process. It's like hanging a man for a presumed crime and proving his guilt later. What's worse, since the PCGG virtually owns the sequestered company with all the powers and privileges recently granted to it, the offended party will have to do the proving to recover his property. And with the kind of arrogance the PCGG commissioners have shown, it will have to be "beyond reasonable doubt."

What happened to President Aquino's promise to uphold civil and human rights even under the revolutionary government? Civil rights dictate that unless proven otherwise, an accused is deemed innocent. Why allow the PCGG to seize, supervise and sell properties of a citizen even before it has been proven that such property was gained through fraudulent means? What if the company goes bankrupt under the PCGG or is sold by the PCGG and later proven to be acquired through legal and moral means? How will the offended party recover his property? Deprived of property, maligned beyond repair and psychologically tortured beyond rehabilitation, the offended party cannot even sue the PCGG officials because they have been granted immunity, something the present government cannot give to a former president.

In an article last Sunday in another newspaper, Mrs. Mary Concepcion Bautista was described as an activist and consumerist fighting the dragon like Don Quixote before she became a PCGG commissioner. So were the other PCGG commissioners and many other government officials under the present administration. But at the rate they have been doing things, the day isn't far away when they would wake up from their fantasies to find out that they had become the dragon facing other Don Quixotes.

An important side issue to the granting of these powers is the fact that President Aquino virtually ignored the power of the Supreme Court, the lower courts and the Securities and Exchange Commission to rule on the legal issues involved in the cases now pending before them. It was explained that the new executive order was issued to remove the legal obstacles that hamper PCGG efforts to recover hidden wealth. Does this mean that each time the government is questioned before a judicial body, the President can step in and issue an executive order (much like presidential decrees of Marcos?) and render the pending cases "moot and academic"? Is this the kind of laws we have here?

Notes: As soon as the PCGG begins exercising its new powers, we will start seeing the rise of new oligarchs to replace the ones installed by former President Marcos...A powerful group led by a person very close to the President is rumored to be behind the move to take over FM [Ferdinand Marcos] crony-owned firms...Everything happening in our country now looks like a repeat of the years after martial law and the months before the fall of Marcos, except that the rules have changed.... "Transport strikes are instigated by communists and politicians." Sounds familiar..."No permit, no rally." Even more familiar..."Strikes and rallies are held to destabilize the state." Ho-Hummm.

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PHILIPPINES

DEADLINE GIVEN FOR RECOMMENDATION OF CHDF

HK010547 Manila MANILA BULLETIN in English 27 Jun 86 pp 1, 16

[Article by Jose de Vera]

[Text] President Aquino had given the Armed Forces two months to submit its recommendations for the scrapping, reduction, or retention of the Civilian Home Defense Force (CHDF) in the countryside.

Gen Fidel V. Ramos, chief of staff of the Armed Forces, made this disclosure yesterday in an interview with the BULLETIN. He said the deadline is the third week of July.

Ramos said the study now being made by field commanders and members of his staff is on three levels, as follows:

1. Abusive, unqualified, and ineffective CHDF members will be weeded out. This is estimated to affect some 11,400 or five percent [as published] of the 57,000 CHDFs.
2. A town-by-town and province-by-province study is being made to determine whether the quota allocated to each town or province is still reasonable.
3. The quality of the CHDFs will be upgraded, starting with their initial admission into the organization by providing for their continuous and more intensive training.

Ramos said that the military high command is aware of moves by various groups to abolish the CHDF as well as its retention on a selective basis for as long as it is effective in helping defend the community against lawless elements, particularly insurgents.

"It is a matter now of balancing these various proposals and realistically determining what are the needs," he said.

"We cannot entirely disband the CHDFs in dissident-infested areas because the AFP [Armed Forces of the Philippines] does not have enough manpower to cover every troubled spot. The CHDFs are needed as back-up support," Ramos said.

The military has only about 150,000 men and "we have 74 provinces, more than 7,000 islands with 12 regions, and 41,600 barangays" to protect, he said.

Compared to its population, Ramos said that the Philippines has the smallest armed forces in the Southeast Asian region.

In terms of budgetary support, he also said, the AFP is one of the least supported in relation to the gross national product in the country.

In terms of the per capita expenditure, in the contribution of each taxpayer to the support of the AFP, the Philippines is among the lowest and perhaps the lowest in the Southeast Asian region, Ramos said.

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CSO: 4200/1181

PHILIPPINES

LOCAL POLICE SUPERVISION TO START IN MANILA

HK230931 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 21 Jun 86 p 2

[By Renato Reyes]

[Text] The return of supervision over the police to local governments will start in Metro Manila, Joey Lina, Metro Manila acting governor said Thursday night.

Lina, in a meeting with Metro Manila officers-in-charge [OICS] at the Asian Institute of Tourism, said a resolution providing this is now pending at the National Police Commission [NAPOLCOM]. He said the Napolcom will not oppose the plan because civilian power over the armed forces has already become a national policy.

Lina also allayed fears that mayors might use the police forces as their private armies.

"I am sure the present crop of local executives will not revert to the old practice of creating private armies to pursue their selfish interests," he said.

Lina said that under the resolution, appointments and hiring of policemen will be directly handled by the mayors and not by police commissioners or Napolcom as in the case during the Marcos regime.

Lina said he anticipates financial and organization problems once the resolution is approved, citing lack of funds to poor towns like Navotas and Pateros in sustaining the operations of their police districts. Under the set-up now, local governments remit to the Metro Manila Commission 18 percent of their earnings for police supervision. OICS in the meeting sought a subsidy from the national government for police supervision.

The OICS expressed approval for the return to them of police power.

Quezon City OIC Brigido Simon said it would be a welcome development, citing that there is only one policeman for every 1,800 people population in Quezon City.

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CSO: 4200/1157

PHILIPPINES

PAPER CONCERNED OVER OFFICIALS' BODYGUARDS, FIREARMS

HK300521 Quezon City NEW DAY in English 30 Jun 86 pp 1, 15

[article by Marites Danguilan-Vitug]

[Text] More and more government officials--national as well as local--are asking the Defense Ministry to provide them bodyguards and firearms. This could indicate a general feeling of fear amid threats--real or imagined--against them. It could also indicate an increasing desire to show off power, described as "power trip."

Records obtained by NEW DAY show that since March, more than a hundred government officials, including those who no longer hold office under the Aquino administration, have made requests for firearms and security detail.

"We're not even counting those (requests) that go directly to the chief of staff," said a Defense Ministry source who requested anonymity. He pointed out that the requests were significantly more than those they received under the previous regime. But, he added, "they could have gone directly to Gen. (Fabian) Ver and Marcos."

Of the 73 requests for security personnel (March to May), 30 have been un-acted upon, 13 have been denied and others who requested extension of the duty of their security details have been turned down and their bodyguards recalled to their mother units.

Of the 24 requests for firearms, only one has been granted--that of Luis Villafuerte, chairman of the Reorganization Commission--three disapproved, and the rest not acted upon.

For instance, Vice-President Salvador Laurel asked the Minister of Defense "to augment my personal security...and extend protection to Rene Espina (secretary general of the United Nationalist Democratic Organization or Unido)." He specified that four long arms or machine pistols be assigned to Erik Espina, Jean Espina, Ricardo Pastrano and Rolando Pastrano. No action has yet been taken on this request.

Manila Mayor Gemiliano Lopez wanted more firearms: six baby Armalites, six .45 caliber pistols to be used by the civil service security office under his office. He complained that the firearms turned over to him by the administration of Ramon Bagatsing are "defective, inoperable, outmoded, and locally made." This was rejected by the Ministry of Defense.

Conrado Limcaoco, officer in charge [OIC] of the Laguna Lake Development Authority and Channel 4 television station, asked, apart from the four soldiers assigned as his security detail (from the office of the presidential military aide), for automatic weapons--machine pistols and assault rifles and four pistols.

Limcaoco detailed his request: two 9mm light machine pistols preferably baby Uzis, one assault rifle preferably Galil or baby M-16, one M-16 with attached grenade launcher, two 9mm automatics, and two .45 automatics.

Natural Resources Minister Ernesto Macea asked for seven security personnel and got his request approved by President Aquino.

Agriculture Minister Ramon Mitra has five security men from the Philippine Marines and the Constabulary.

Villafuerte was granted his request of short firearms.

Jose Yap of the Metropolitan Waterworks Sewerage System (MWSS) also requested two security personnel, which was approved by the Defense Ministry.

Others approved include: eight security men for the Presidential Commission on Good Government (PCGG), one for Finance Minister Jaime Ongpin, two for Tanodbayan Justice Raul Gonzales, one for former Labor Minister Blas Ople, two for ex-governor Faustino Dy of Isabela, two for Carlos Padilla (Unido Official of Nueva Vizcaya), two for Melanio Singson (OIC of Isabela), six for Benjamin Ligot, governor of Cagayan.

Asked why political personalities from Cagayan, the province of Defense Minister Juan Ponce Enrile, were given their requests, a source in the AFP [Armed Forces of the Philippines] justified it by saying Cagayan is a "counter-insurgency area."

One major request pending with the Defense Ministry comes from Alfonso Lim, a giant logging concessionaire in Cagayan. He asked for 30-man security force in Isabela to protect his processing plants and as "deterrent" to the New People's Army (NPA). This request is apart from a number of Civilian Home Defense Forces (CHDFs) already operating in the area.

But other sources in the AFP told NEW DAY that the security force of Defense Minister Juan Ponce Enrile, some of whose members are being tapped to play key roles in the proposed counter-action force against loyalist and insurgents based in Metro Manila, have themselves accumulated several firearms. The estimates are: 1,500 M-14s, 180 sophisticated automatic weapons (Cultimax) apart from their old stock of Uzis and armored tanks.

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CSO: 4200/1181

PHILIPPINES

COMMITTEE TO REEXAMINE 'CITIZENSHIP BY DECREE'

HK011030 Manila THE NEWS HERALD in English 29 Jun 86 p 1

[Text] The granting of Philippine citizenship by decrees and the extension of resident immigrant status to some foreign investors will be reexamined by a special committee formed by Justice Minister Neptali Gonzales.

Gonzales designated Solicitor General Sedfrey Ordóñez as chairman of the committee with immigration and deportation Commissioner Enrique Joaquin and chief state counsel Minerva P. G. Reyes as members.

The committee is tasked to recommend to President Aquino whether or not to continue the previous government's practice of granting naturalization by decree.

Earlier, the President ordered Minister Gonzales and Ordóñez to look into the pending applications for derivative citizenship by decree that were unacted [as published] by the deposed President Marcos.

Records show that there are at least 11,000 pending applications for naturalization by decree which were left by the defunct National Intelligence and Security Authority (NISA).

NISA was one of the three members of the committee which review citizenship applications, together with the Ministry of Foreign Affairs and the Office of the Solicitor General (OSG). A NISA clearance was one of the basic requirements for naturalization by decree.

The new review committee under Ordóñez was directed to confer with Tourism Minister Antonio Gonzales who proposed that aliens willing to invest in the country by buying acquired assets of the government be given status as resident immigrants.

CID [Commission on Immigration and Deportation] records, show that from 1983 to 1985, only 37 foreigners have been granted special investors' resident visas.

OSG records so far reflected a total of 29,618 aliens who have been naturalized by virtue of a decree from 1975 to 1985.

The filing of applications for naturalization by decree, however, had already expired on March 31, 1977.

The Ordóñez committee will further look into the need for changes in qualifications, disqualifications of citizenship applicants and streamlining of procedures for processing of their applications.

Pending the outcome of recommendations of the committee President Aquino declared that only meritorious citizenship cases may be given due course and the rest mothballed until after the Constitutional Commission drafting the country's new charter has spelled out new policies on naturalization of deserving aliens.

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CSO: 4200/1181

PHILIPPINES

DEVELOPMENT PLAN 'TERRIFYING BEYOND DESCRIPTION'

HK010521 Manila THE MANILA EVENING POST in English 27 Jun 86 p 4

[Editorial: "The Economic Agenda"]

[Text] Recently, the National Economic and Development Authority (NEDA) released to the public the government's economic development plan entitled "policy agenda for people-powered development."

The main idea of the plan is to generate employment for one million of the three million unemployed Filipinos. The government will stimulate employment by undertaking rural infrastructure like roads, small irrigation systems, and communal water systems. The entire program is to last at least 18 months and cost us P10 billion.

Despite some attempts at originality, it is obvious that this ambitious "pump priming" approach to economic growth is nothing but a 1980 copy of the Macapagal administration's Emergency Employment Administration [EEA] which in turn got its impetus from the economic programs of the Roosevelt Administration at the peak of the depression in the 1930s.

There is, however, a wide difference. The economic "pump priming", approach of the present "Agenda" (and that of Macapagal's EEC) is to take place in what are basically rural and hence developing communities. The "pump priming" of Franklin D. Roosevelt's time was launched in what was already an industrialized society, depressed temporarily by the stock market crash.

The present Agenda also calls for us to lift import controls, which is a major requirement of the IMF. This means opening the floodgates to surplus foreign produce which will be dumped on us and swamp our local industries.

"Agriculture is the key" is the thrust of the "Agenda," raising well-grounded suspicions that ultimately, the IMF-World Bank and other developed countries will succeed in making of our country a "plantation economy" model.

In the alarmed words of the economist, Alejandro Lichauco, "The program is a sure formula for super-inflation, an even more widespread unemployment

than what now exists, the total destruction of the manufacturing industry and the further impoverished farming communities.... The implications and repercussions of the Aquino program are terrifying beyond description."

Everyone hopes serious and sober study will go into the agenda before it is launched or our country will end up a school model for the heartless prescriptions of the IMF-World Bank.

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CSO: 4200/1181

18 July 1986

PHILIPPINES

AGAPITO AQUINO REPORTS ON TALKS WITH BALWEG

HK230505 Manila Far East Broadcasting Company in English 2300 GMT 22 Jun 86

[Text] Rebel Priest Conrado Balweg was reported ready to rejoin the government if current peace talks succeed. Balweg, who heads the Cordillera People's Alliance, has set four conditions for peace with the government during his talks with Agapito Aquino in the Cordilleras. Aquino discussed Balweg's conditions in addressing the Filipino Clark Joint Golfers Association and the Rotary Club of Angeles West and Mabalacat in Angeles City yesterday.

Aquino said Balweg's conditions were recognition of the Cordillera people's rights to own the land they are now occupying, the grant of self determination, demilitarization, and repeal of the repressive presidential decrees. One of Balweg's demands, the removal of the 200,000 pesos price on his head, was already granted. According to Aquino, Balweg does not want the Cordillera region to be under lowlanders and the communists. He reportedly said he will remain a Catholic.

In the face of this development, the Aquino government has started studying the creation of a commission on reconciliation to boost current efforts to bring communists and other rebels back into the government fold.

The Constitutional Commission, meanwhile, has been urged to make the provinces of the Cordillera an autonomous region to preserve the minorities' ancestral domains and culture. The move was asked in a resolution presented to the commission during a public hearing held in Baguio City yesterday. The document asked that the Cordillera people be given the right to self-determination. The hearing was presided over by commissioners Ricardo Romulo and Ponciano Bennagen.

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CSO: 4200/1157

PHILIPPINES

PAPER EXAMINES STUDY OF COMMITMENT OF COMMUNIST PARTY

HK300537 Quezon City NEW DAY in English 30 Jun 86 p 2

[Article by Joel D. Lacsamana]

[Text] The overthrow of Ferdinand Marcos and the installation of Mrs. Corazon Aquino to the presidency as a result of the February revolt does not make any fundamental difference to the commitment of the Communist Party of the Philippines (CPP) leadership to wage a "true people's war."

This is the gist of a study made recently by Australian political scientists, Dr. John Whitehall, entitled "Communism in the Philippines: The Fundamental Issue," which was submitted to the Australian parliamentary joint committee on foreign affairs and defense. Defense Minister Juan Ponce Enrile presented a copy of this study as a gift to President Corazon Aquino, ostensibly to give her an idea of why he (Enrile) has "reservations" regarding the government's ongoing efforts toward a ceasefire with the rebels.

The study states that inasmuch as the CPP already considers the Aquino presidency irrelevant to its primary goal of waging a "people's war," efforts are now being made to portray Mrs. Aquino and her government as "ineffective, that reform is impossible and that only violence or revolution will permit progress."

If this doesn't work, Whitehall says in his paper, then Mrs. Aquino must be portrayed as a "malignant representative of the same old bourgeois state"--that her government is corrupt, exploitative and unworthy of support. The military forces, in the other hand, should be described as just the same instrument of "bourgeois terror" as it was during the Marcos regime.

Whitehall says this CPP strategy of denigrating the Aquino government and its agencies--as it did during the Marcos regime--has an effective counter-tactic if the military decides to arrest CPP members. "Certain so-called human rights groups will rush to their (CPP members) aid and once again, it will be the forces of 'right' and 'progress' against a 'reactionary Cory-US dictatorship,'" he writes.

What if the Aquino government "beats the CPP to the punch," so to speak, and legalizes the party? Will this not diminish the path of the CPP towards armed conflict?

Whitehall scoffs at this notion. Even Russian leader Vladimir Lenin had pointed out that "it is only a poor revolutionary who gives up either the legal or the illegal struggle since both an above-ground and below-ground organization is necessary." These people, Whitehall says of those who think open discussion will "somehow mollify" the aims of the communists, "are clearly unaware of the CPP's commitment to a people's war and its stated intention to use parliamentary exercises as but a way to extend the revolution."

The author then pronounces the ideological commitment of the CPP as "unaltered and unalterable," and that the party has gained a force of momentum that will not stop at the substitution of Marcos by Mrs. Aquino. "The removal of Marcos was merely the first of steps," Whitehall says. "The second being the removal of the U.S. and its bases and then the progression to a 'People's Republic of the Philippines,' under the guidance of the 'Vanguard' of the people."

Whitehall says that to the CPP leadership, the circumstances of Mrs. Aquino's assuming the presidency were largely unforeseen. "Nobody could have imagined the massive crowds, the courage and determination, or the sheer joyfulness of support for Aquino as witnessed in February," he writes. Indeed, Whitehall observes, the communists were initially depressed by what happened because the peaceful change of presidency "might persuade people that fundamental reform is possible without the necessity of a People's War and the destruction of the bourgeois parliament."

Optimism, though, began to creep into the CPP leadership when the government included certain "old faces" in its ranks. It raised hopes of being able to reveal the government as having been unaltered by reform and demanding of revolution, the author points out. This optimism, however, remains guarded. The force of support and enthusiasm for Aquino--which remains to this day--is something that will have to be handled very carefully by the communists.

"They will have to portray this very popular lady as ineffective and at the same time, do their utmost to ensure that she and her government are unable to effect reform," Whitehall says. "They will also have to portray her, very carefully, as merely a tool, if not an agent of the entrenched capitalist elite. However, this author does not doubt that the CPP possesses that motivation or the ruthlessness to turn on Cory. It appears to be just a matter of time."

Unfortunately, Whitehall says, time will inevitably reveal that Mrs. Aquino, despite her apparent goodness and determination, is somewhat less than a "wonder woman." Indeed, he asks, how can anyone easily solve the economic problems posed by those 7,200 islands which are inhabited by over 55 million

people who have neither sufficient industry nor oil and are dependent upon the export of a few products into the fragile international agricultural market? How could anyone readily solve the problems of entrenched corruption, or as the Marxist put it, the contradiction between landowner and serf?

Whitehall ends his treatise by citing a "foreboding" prophecy said to have been emphasized recently by Jose Ma. Sison, the former CPP leader who was released by Mrs. Aquino. In a speech in Manila, Sison was quoted as having stated that in his view, the leftist-leaning Bayan Bagong Alyansang Makabayan) [New People's Alliance] had not lost any initiative by boycotting the recent elections. He said that the Communist Party had planted a revolutionary seed in 1968 which had grown over the years into a tree. And in 1986, the tree had produced a bumper crop of fruit.

"However," Sison was quoted as saying, "latecomers this time had got most of the fruit; next time it will be the turn of the revolutionaries."

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PHILIPPINES

COMMISSION URGED TO INVESTIGATE NPA ATROCITIES

HK240323 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 23 Jun 86 p 2

[Article by Ariel Al amis]

[Text] Cagayan de Oro City--The Presidential Commission on Human Rights was urged Sunday to include investigation of torture and other brutalities perpetrated by the New People's Army against civilians and rebel surrenderers.

Military authorities made the appeal during a dialogue with officials of the Philippine Association of Human Rights Advocates (PAHRA).

Brig. Gen. Mariano Adalem, RUC [Regional Unified Command] 10 chief, said the moves to flush out human rights violators should not be confined solely to abuses allegedly committed by the military.

He stressed that national concern must equally be focused to atrocities committed by the NPA.

Gen. Adalem cited the discovery of five "killing fields" Friday used as grave sites by the NPA in the massacre of 62 persons. Adalem said an eye-witness report disclosed that 28 of those killed were civilians who had refused to pay taxes and support the NPA.

The remaining 38 [figure as published], Adalem said, were NPA members who were slain on suspicion of being "zombies" or keep penetration agents in the armed forces.

Adalem said a PC [Philippine Constabulary]-CIS investigation disclosed that all the massacre victims were tortured before being buried alive.

The liquidated NPA members belonged to Front 12 north Central Mindanao regional party of the CPP [Communist Party of the Philippines] NPA under Commander Miriam aka Maria Luisa Purcay, and commander Normer aka Vergil Tumampok.

Purcay, a BSE graduate, was an elementary school teacher of the Cagayan de Oro City College before she went underground.

Military authorities said that one of those liquidated was a ranking NPA leader identified as Commander Bernie or Domingo Gabe.

Gabe, a labor leader, led a 70-man NPA band in the kidnaping for ransom of Navy Capt. Ruben Domingo in Lugait, Misamis Oriental on May 1, 1985.

Capt. Domingo, who is vice president and resident manager of Mindanao Steel Corporation, was released after 105 days unharmed.

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PHILIPPINES

FOUR NPA MEMBERS KILLED IN CLASH WITH GOVERNMENT TROOPS

HK011553 Manila PHILIPPINE DAILY INQUIRER in English 30 Jun 86 p 16

[Article by Abe Licayan]

[Text] Four unidentified members of the New People's Army (NPA) were killed recently in an encounter with government troopers in Sitio Omas, Manlocahoc, Sipalay, Negros Occidental. Three others were wounded in the three-hour fire-fight--Pfc. Leodegario Asong, a certain Private Guadez, and Roberto P. Pertora, a member of the Civilian Home Defense Force (CHDF).

Military authorities said the rebels were among those who raided the detachment of the 7th Infantry Battalion in Hinobaan last week. They had high-powered firearms, including machine guns and grenade launchers.

In Talisay, Cebu more than 20 heavily armed men believed to be NPAs raided a PC [Philippine Constabulary] detachment in Tangke, 12 kms south of Cebu City and took all the firearms of the soldiers.

The three PC soldiers manning the detachment did not put up a fight, but instead fled. Their three companions were out on patrol at the moment, a PC report said.

The raiders, in fatigue uniform and all armed with high-powered guns, took all six Armalite rifles they found in the detachment, located less than a kilometer from the Talisay town hall.

The three soldiers who fled are now being investigated. They are Sgt. Gerardo Morales, the detachment head, Sgt. Primitivo Garcia, and CIC [Constable First Class] Teofilo Guevarra.

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PHILIPPINES

SISON COMMENTS ON ADVANTAGES OF TRUCE

HK201546 Quezon City ANG PAHAYAGANG MALAYA in English 14 Jun 86 pp 1, 6

[*"Analysis"* by Jose Ma Sison: "The Advantages of a Truce"]

[Text] The possibility of a ceasefire between the NPA and AFP [Armed Forces of the Philippines] is something negotiable between the top leadership of the revolutionary movement and the Aquino government.

Both sides have already made moves towards negotiations for a ceasefire. The Aquino government has chosen its negotiators while the NDF [National Democratic Front], of which the CPP is a member, has named Satur Ocampo as its chief emissary.

Whether ceasefire would occur soon or not, it would be mutually beneficial for the Aquino government and the armed revolutionary movement to create a reliable line of communications.

The basis and modalities of a ceasefire can and should be worked out. However, there are advantages that can be immediately reaped by both sides on the negotiation table.

The established line of communications can be an immediate line of understanding against threats and intrigues posed by the Marcos forces as well as by any overambitious and overreaching group within the Armed Forces of the Philippines.

For examples, if any anti-Aquino group plots to seize power by inventing a so-called communist plot. The Aquino government can verify through the established line of communications.

On several occasions, the CPP has indicated that the New People's Army is an instrument of people's power, including that antifascist kind of people's power that brought Mrs Aquino to power.

So long as the people's army stands ready behind people's power, not even the U.S. nor any anti-Aquino armed group would dare unleash a coup against the Aquino government.

It is quite possible for any group within the AFP, with or without U.S. inspiration, to make trouble or stage a coup against the Aquino government. But with the NPA behind people's power, the usurper of governmental authority would have to contend not only with the rapid growth of the armed rural forces of the NPA but also with the probability of massive urban uprisings. It would not be able to hold on to power very long.

So long as it wishes to rely on people's power and make substantial democratic reforms, the Aquino government can consider the NPA as an armed force to its advantage. In a way, the NPA augments whatever extent of the AFP Mrs Aquino has actually come to control as president and as commander-in-chief.

It is a fact that the AFP is still under the control of the dominant Enrile-Ramos-RAM [Reform of the Armed Forces Movement] bloc. Having the AFP as some kind of an independent kingdom, this bloc which has direct links with the U.S. has a full share in the coalition of forces underpinning the Aquino government.

Were Mrs Aquino in full control of the AFP, she would unilaterally be able to effect drastic reduction of the armed conflict, a standstill between the AFP and NPA, or a defacto ceasefire even before one is formally negotiated.

All that she has to do is to recognize that the AFP has always been on the strategic offensive while the NPA has always been on the strategic defensive and, therefore, to order the AFP to assume a posture of strategic defensive like the NPA.

Were she truly in command of the AFP, she would be able to recall to the barracks the AFP units rampaging in the countryside; dissolve in civilian home defense forces (CHDF) and other paramilitary units; and return the local police forces to the local civilian officials.

The end of militarization and military campaigns of suppression in the countryside would be welcomed by the peasant masses and would give high political score to the Aquino government. Moreover, the government would be in a better position to reduce military forces and expenditures.

The reduction of military forces and expenditures would mean savings for economic recovery and essential public services. As of now, the enormous size of the AFP and the enormous cost of maintaining it are a big scandal that outrages the people.

While austerity measures are being applied on the civilian side of the government and on the toiling masses of workers and peasants, the parasitic military machinery continues to gobble up precious limited resources.

If truly intelligent and reform minded, the Enrile-Ramos-RAM bloc can be made to understand that it gains the people's opprobrium by insisting on high military spending. It is also very risky for the military academy graduates or regulars to maintain the numerical superiority of integree officers by keeping the enormous and overexpanded side of the military. [as published]

The Aquino government will benefit itself by reducing the level of military forces and expenditures. If the level is kept high, the AFP will collapse on its own weight.

The NPA employs the strategy and tactics of people's war which overcomes the overextended military offensives of the AFP. The NPA was able to surmount the abrupt military buildup of the AFP from 1972 to 1980 and the sudden release to the countryside of more troops from office and bodyguard assignments upon the formal lifting of martial law in 1981. There is no reason why the NPA cannot cope with and overcome the further release of more troops to the countryside from the umbrella of the defunct presidential security command and the redundancy of the regional unified command.

The CPP has time in its favor as the political and economic crisis of the ruling system worsens. It does not have to hurry in working out a formal ceasefire of whatever duration with the Aquino government. It can insist on a temporary or permanent truce between the AFP and NPA that is based on an agreement to achieve common goals for the benefit of the people and to fight a common enemy.

At any rate, whether there is a formal ceasefire or not, the CPP, NPA and NDF can be expected to side with the Aquino government in any confrontation with any anti-national and anti-democratic force if that government continues to retain its liberal democratic tendency and is open to cooperation with all patriotic and progressive forces.

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PHILIPPINES

SURVEY SHOWS MANILANS FAVOR CEASEFIRE TALKS

HK011305 Quezon City ANG PAHAYAGANG MALAYA in English 21 Jun 86 pp 1, 9

["Filipino Mood" column by Monica Feria]

[Text] In spite of vocal reservations expressed by some conservatives and military officers against on-going ceasefire negotiations between the Aquino government and communist rebels, most Metro Manilans--over three-fourths--are all for it, our recent opinion poll showed.

The random survey conducted in 30 selected metropolitan electoral precincts by the Philippine Survey and Research Center, Inc. (PSRC) for MALAYA showed 78 per cent of the respondents more or less approved of the government peace initiatives. Significantly, roughly half, 51 per cent, gave a "strongly approved" rating to such efforts.

Support for government talks with the Communist Party and the 12,000-strong New People's Army is more pronounced among the upper and middle classes, including many business men, and among the younger male population.

Meanwhile, in the battle for hearts and minds, the CPP [Communist Party of the Philippines]-NPA lost some popularity points while the new Armed Forces of the Philippines [AFP] gained since the people-backed military mutiny which toppled the Marcos regime.

In August 1985, about 75 per cent of Metro Manilans expressed favorable opinions about the CPP-NPA in terms of their motives in seeking reforms and dedication in serving the interests of the people. Only about 11 per cent viewed them negatively, while 14 per cent were neutral about them.

The CPP-NPA stepped up its armed offensive against the Marcos government last year, but boycotted the opposition's electoral challenge led by Cory Aquino.

In May this year, positive public opinions about the CPP-NPA shrank considerably to 48 per cent, while those who saw them in negative light increased to 23 per cent. The neutral segment increased to 29 per cent.

But although the left's image has significantly deteriorated, the balance of public opinion still remains slightly tilted in their favor. Those who look at them positively still constitute a plurality (48 per cent), the PSRC survey showed.

On the other hand, the public image of the military has improved significantly since the change in national leadership. Last January 1985, a plurality (41 per cent) of Metro Manilans were critical of the military. Only 33 per cent held a favorable view and the rest, 26 per cent, chose to be silent or neutral in their stance towards the armed forces.

This May, however, those who viewed the military in negative light dropped sharply to 12 per cent. Forty-five per cent gave the military a cautious "fair" rating while those who rated them "good" and "very good" went up from 33 to 43 per cent.

Chart 1. Summary of Public Perception About the CPPC/NPA

August, 1985	75 percent Positive	14 percent Neutral	11 percent Negative
May, 1986	48 percent Positive	29 percent Neutral	23 percent Negative

Note: Public perceptions about the CPP/NPA were measured on three areas, namely: their sincerity in negotiating for peace, their motives in their fighting stance and, in the May 1987 study, their position vis-a-vis the Cory government. The figures that are presented here are a summary of these measurements in Metro Manila only. Details of this nationwide survey will be published later.

Chart 2. A Summary of the Performance Ratings of the AFP

January, 1985	41 percent "Poor/very poor"	26 percent "Fair"	33 percent "Good/very good"
May, 1986	12 percent "Poor/very poor"	45 percent "Fair"	43 percent "Good/very good"

Note: The figures quoted here are a summary of the performance ratings given to the AFP on three areas; namely, maintenance of peace and order, dealing with the insurgency problem and weeding out the misfits from its ranks. Details of this nationwide study will be published later.

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PHILIPPINES

PAPER URGES MORE 'POPULAR CONSULTATION'

HK010727 Manila PHILIPPINE DAILY INQUIRER in English 28 Jun 86 p 4

[Editorial: "Candor on Talks"]

[Text] It was a bit disconcerting that before Malacanang finally decided to make public its appointment of Ramon Mitra and Jose Diokno as its chief negotiators in the forthcoming talks with Communist-led guerrillas, the CPP [Communist Party of the Philippines] had in fact been showing far greater candor.

The CPP was first in coming out with its principal demand: the formation of a coalition government, with themselves, of course, as the other major ruling partner. While that may sound ridiculously and absurdly presumptuous of the Reds, the demand nonetheless provides that critical element which any negotiation must have before it can get going: a main talking point. At the very least, it indicates that the Communists have enormous respect for the administration of President Aquino. It shows that the CPP recognizes--as the party certainly should--that the government now has the backing of the majority of Filipinos. Otherwise, it wouldn't care show itself to be so willing to collaborate.

The CPP was also first in making public the names of its chief negotiators, Antonio Zumel and Saturnino Ocampo, days before the appointment of Mitra and Diokno was announced. Moreover, the party's designation of Zumel and Ocampo should be viewed as a hint that the CPP intends to gain as much in propaganda mileage as in political advantage from the forthcoming comings. Both Zumel and Ocampo are former newspapermen. Both are still fondly regarded by many Filipino journalists--yes, even those who are instinctively repelled by the "godless ideology" which the two stand for.

At this early stage it would seem that the Communists are ahead in the game of one-upmanship. The problem seems to lie--as one editor has already put it--in the government's insistence on "negotiating in the dark." We are sorely tempted to suspect that the administration is, at this point, still confused about what to do. Since the Reds were one-time allies in the anti-Marcos struggle, it was fairly easy for the people now in power to empathize with the desperation that has led thousands of Filipinos to take up arms

against the dictatorship. But now that they command the government, these same people are committed to uphold the sovereignty and safeguard the integrity of the Republic.

The obvious remedy is in fact the oft-repeated campaign promise of popular consultation and public accountability. The government must keep the public constantly informed on the progress of the talks. Only by keeping such a mechanism in good working order can the Aquino administration assure itself that it--and not the Reds--have popular support. That's one argument Marxists can't refute.

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PHILIPPINES

MERGER OF MINDANAO AUTONOMOUS REGIONS OPPOSED

HK240321 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 23 Jun 86 pp 1, 3

[Article by F.V. Maragay]

[Text] The highest Muslim government officials in Western Mindanao (Region 9) warned yesterday against the adverse consequences of merging the two autonomous regional governments in the south which is being considered by the Aquino government.

Sali Wali, chairman of the executive council of the autonomous government in Western Mindanao, said that the proposed merger will not strengthen, but instead, imperil the autonomy of the two regions.

The Tripoli Agreement of 1976 originally envisioned a unified autonomous government for Western Mindanao and Central Mindanao (Region 12), traditionally the homelands of Muslim Filipinos. However, former President Marcos issued a law in 1977 creating two separate autonomous regional governments in accordance with the results of a plebiscite earlier held in the same year.

Wali said that the Muslim tribes inhabiting the two regions have sharply diverse cultures and traditions although they share the same religious beliefs. Because of these deeply-ingrained differences, they will frown on any plan to have leaders other than their own ethnic brothers, he added.

Historically, he said, the sultanates of Sulu (in Western Mindanao) and Maguindanao (in Central Mindanao) operated independently of each other. The sultanates, having their own spheres of influence and political structure, refrained from interfering with the affairs of each other to avoid conflict.

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PHILIPPINES

GOVERNMENT TO PUMP PRIME ECONOMY, STIMULATE DEMAND

HK201536 Quezon City BUSINESS DAY in English 20 Jun 86 p 3

[Article by Daniel C. Yu]

[Text] The government will go ahead with its plan to pump prime the economy to counter the "wait-and-see" attitude of both local and foreign businessmen and stimulate demand.

Economic Planning Minister Solita Collas-Monsod said yesterday the government continues to bank on the private sector to start investing once more in order to meet the government's short-term goal of increasing employment prospects. The private sector however remains wary about investing and the only option to revive the market is through government expenditures and consumption, she said.

Monsod said government expenditures will be directed primarily to support activities in the rural sector particularly in agriculture and small and medium enterprises. She said such a direction would also immediately help government efforts of alleviating poverty.

"Perhaps it has become an act of faith if you invest now," Monsod told members of the Financial Executives Institute of the Philippines (FINEX), but she added that the government, through its activities in stimulating the market, would be able to perk up demand and encourage businessmen, motivated by profit, to start investing once more.

In outlining the Aquino government's reeconomic recovery program, Monsod said necessary structural reforms are being undertaken in fiscal, labor and trade policies, all meant to create a better domestic economic environment.

She stressed that in undertaking these necessary structural reforms, there will be sectors that will be hurt, but she added that "this is but part of the workings of a normal democracy." (?In quoting) the controversial trade liberalization stand of the government, Monsod said efforts to adopt a more liberal trade policy is intended to support [words indistinct] that would otherwise have difficulty in competing in the world market.

The just announced tax reforms shift the focus of the tax structure away from indirect taxes to direct tax measures. She said such a move would allow the bulk of taxpayers to have disposable income that will help create demand.

On the labor front, she said the government would like to move away from mandatory wage fixing and instead rely more on collective bargaining agreements, noting that industry and labor know best how high wage levels should be.

Queried by BUSINESS DAY on the seeming lack of concrete government policy pronouncements on foreign investments, Monsod said existing policies on foreign equity ownership still hold.

She added, however, that the thinking of the present government is to encourage foreign investors and multinational companies to go into exports so profit remittances could be offset against generated foreign exchange receipts.

Potential foreign investors, while keenly observing developments in the country, have continued to keep a distance, waiting for clearer indications on the turn of both political and economic events.

Many businessmen explained that this tendency to literally "sit it out" is the direct result of the continued slump in the domestic market and, at times, conflicting policy pronouncements of the government with regard to investment and other factors including industrial peace.

"Investors are very sensitive to these factors considering these would be primary considerations in their scoresheet on whether to put in more money or not into the country," explained one businessman.

Others believe foreign investment would come in only after the government undertakes the announced structural reforms particularly in the area of trade, in the area of trade, in the opening up of the domestic market to imports.

Local businessmen have been opposing the trade liberalization moves prescribed by multilateral financial institutions and which are likely to be adopted by the government in view of the state of domestic industries, many of which continue to operate below economic levels.

The opening up of the market at this time would certainly result in the closure of firms that could later on be taken over by multinationals and result in further entrenchment of foreign capital in the country, they warned.

Such "doomsday vision" however is not shared by Monsod who said the infant industry argument no longer holds water and it is "the 30-year-old children [as published] who are being penalized."

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PHILIPPINES

TALKS WITH IMF 'HANGING' DUE TO DEFICIT

HK240327 Manila MANILA BULLETIN in English 22 Jun 86 p 25

[Article by Jun Concepcion]

[Text] The government's talks early this month with an International Monetary Fund team on the revised 1986 budget failed to reach an understanding and were left "hanging" because the government has projected a much bigger P25 billion deficit, reliable government sources disclosed over the weekend.

The huge deficit, up by P4 billion from the original P22 billion deficit in the revised 1986 budget, is due mainly to increased net lendings to government financial institutions (GFIS) and corporations. These lendings and equity support may raise the deficit to P29 billion from the P26.6 billion sources said.

Sources said the IMF had suggested a P2 billion to P3 billion reduction in government net lending to GFIS to contain the deficit to a manageable proportion and allow room for positive economic growth.

But the government disagreed and insisted on its own program, sources said.

Budget Minister Alberto Romulo confirmed over the weekend that net lending to GFIS and corporations will increase to P29 billion and will result in a higher P26 billion deficit.

But he insisted that a 1.2 to 1.5 percent positive economic growth was still possible even with a higher budget deficit.

Finance Minister Jaime V. Ongpin said last Friday night that increased net lending to GFIS was certainly a problem that the government needs to face before the formal talks with the IMF next month for a new standby agreement.

He said the increase in net lending to GFIS was brought about by the fact that they have non-performing assets and the government had to service the debts of these institutions.

The GFIS, namely, the Development Bank of the Philippines, Philippine National Bank and the Philippine Export and Foreign Loan Guarantee Corps., have NPAs amounts to over P200 billions.

Economic Planning Minister Solita Monsod said there was no way by which the government could reduce net lending to GFIS because of the need to meet payments on their obligations.

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PHILIPPINES

PROBLEMS ANTICIPATED IN WB LOAN NEGOTIATIONS

HK300853 Manila MANILA BULLETIN in English 28 Jun 86 pp 1, 19

[Article by Junaito C. Concepcion]

[Text] The government is anticipating problems in its negotiations for a \$200 million loan from the World Bank to support the restructuring of government financial institutions [GFI], including the Philippine National Bank [PNB] and the Development Bank of the Philippines [DBP].

This was gleaned from a report submitted last week by a Finance Ministry official to Finance Minister Jaime V. Ongpin.

The Finance Ministry official has told Ongpin that a high-ranking World Bank official had expressed serious misgivings during a recent meeting with the bank's regional staff in Manila that the World Bank loan "will be seen by member governments and the public as simply taking over the debt servicing of DBP and PNB, two institutions publicly perceived to have been used as milking cows of the past government."

It was learned that the World Bank regional staff argued that the extension of the loan was not just a rescue operation for DBP and PNB but more as "sound manner of instituting basic reforms in the government financial sector," and extending much-needed quick-disbursing financial assistance to the banks.

The Finance Ministry official said his impression was that "this will be an uphill effort for the (World Bank) regional staff to persuade the (bank's) loan committee to see it this way."

The official told Ongpin that the World Bank regional staff in Manila was now in the process of getting senior management approval for the loan so that disbursement could start by September or October of this year.

An early disbursement of the loan, it was pointed out, would help ease the budgetary problems of the government and efforts to stir [as published] the economy towards recovery this year.

The official also reported World Bank efforts to attract an additional \$300 million to \$400 million from co-financiers, like the Asian Development Bank and Japan, for the GFI restructuring effort.

The additional amount will bring the total to between \$500 million to \$600 million of funding support to rehabilitate various companies under the DBP and PNB before they are sold to interested buyers.

Part of the loans will also be used to start the operations of an agency that will handle the rehabilitation and disposal of some P200 billion-worth of non-performing assets of PNB, DBP and the Philippine Export and Foreign Loan Guarantee Corporation.

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PHILIPPINES

FIRST QUARTER TRADE WITH JAPAN UP BY 10 PERCENT

HK251529 Manila MANILA BULLETIN in English 25 Jun 86 p 15

[Text] Trade between the Philippines and Japan rose nearly 10 percent during the first four months of 1986 in spite of some uncertainty in the business environment caused by a change in government in Manila in February.

Two-way trade reached \$787.5 million during the period compared with \$711.8 million last year.

Official statistics from the Ministry of International Trade and Industry in Tokyo showed that Philippine exports to Japan amounted to \$423.4 million against imports of \$364.1 million from January to April.

The Philippines posted a surplus of \$59.2 million in its trade with Japan during the period.

During the first quarter, the Philippines also recorded a trade surplus on exports of \$288.3 million against imports of \$254.7 million.

Japan has significantly lifted import restrictions in a move to prod the Japanese market to absorb more products from foreign sources, particularly exporting countries in the Third World.

Japanese officials in Manila said local manufacturers should take advantage of Japan's liberalization of its trade policies to gain a foothold in the discriminating Japanese market.

They stressed, however, that local entrepreneurs should come up with products that are of superior quality and design so that they can effectively compete with producers in Japan as well as from other countries.

Japanese consumers, they said, put a premium on product quality and design rather than on pricing.

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PHILIPPINES

CB OPPOSES LIMIT ON PRESIDENT'S FOREIGN BORROWING POWER

HK300859 Quezon City BUSINESS DAY in English 27 Jun 86 p 20

[Article by Tara Singh]

[Text] Central Bank Deputy Governor Gabriel Singson opposed the imposition of constitutional limitation on foreign borrowing power of the president. Singson testified yesterday before the Constitutional Commission's executive committee.

The committee has been conducting public hearings on several resolutions imposing limitation to the president's power to contract foreign loans without the concurrence of the legislature and other monetary authorities.

Singson said, "To restrict foreign borrowings of the president will disturb business activities and put future government in a strait-jacket."

Such restrictions will prevent the free convertibility of the peso in the future because "we cannot amend the constitution just like that with ordinary legislation," Singson explained.

Singson suggested that the proposal be embodied in ordinary statute to give the government greater flexibility and elbow room for adjustment when the need arises.

During the past regime, the government wantonly guaranteed several foreign loans made by their cronies, the committee noted, adding that the past regime "used to aggrandize their cronies with guarantees of unbelievable scale. This resulted in the huge indebtedness that bankrupted the country."

Singson disclosed that as of March 31, the country has \$26.357-billion outstanding loans. But despite this revelation, Singson insisted that imposing a constitutional limitation on foreign borrowings "will certainly produce some problems for future governments."

Singson stressed that there are safeguards already in place. "We have already laws on ceiling on foreign borrowings. We have enough appropriate safeguards and all foreign loans must be approved by the Central Bank." This argument brought committee members to ask why some "crooked loans were made by Disini, Cuencas, and other cronies."

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CSO: 4200/1181

PHILIPPINES

CENTRAL BANK FIGURES SHOW MANUFACTURES EXPORTS DROP

HK300920 Quezon City BUSINESS DAY in English 26 Jun 86 p 3

["Economic Indicator" column: "Manufacturers Exports Drop"]

[Text] The country's exports of nontraditional manufactures during the first quarter of the year totaled \$599 million, representing a 13.94 percent drop from the yearago level of \$696 million, data gathered from the Central Bank showed.

Exports were reduced due to the economic and political uncertainties that prevailed during the first three months of 1986. Many foreign buyers reduced their order for fear that these would not be delivered on time.

Electronic and electrical equipment/parts and telecommunications equipment, which accounted for 31.89 percent of the total nontraditional manufacturers exported, amounted to \$191 million, down 34.41 percent from the yearago level of \$290 million. Likewise, exports of garments dropped by 4.79 percent from 1985's \$146 million to \$139 million.

The decline was due to the inadequate supply of imported raw materials needed in the production of electronics and garments. Foreign exporters did not send enough raw materials because they were afraid that these would not be used for the production of finished products.

Meanwhile, out of the 14 nontraditional manufacture exports, chemical and copper metal exports improved their performance. Chemical exports posted a significant 85.71 percent increase from \$28 million in 1985 to \$52 million, while copper metal exports amounted to \$44 million, up 22.22 percent from \$36 million in 1985.

[Table on following page.]

Exports of Nontradition Manufactures
January to March 1985 & 1986
(FOB value in million US dollars)

<u>Item</u>	<u>1986</u>	<u>1985</u>	<u>% Change</u>
Electronic and electrical equipment/ parts and telecommunications	191	290	(34.14)
Garments	139	146	(4.79)
Textile yarns/fabrics	8	10	(20.00)
Footwear	10	12	(16.67)
Travel goods and handbags	3	3	-
Wood manufactures	10	11	(9.09)
Furniture and fixtures	19	22	(13.64)
Chemicals	52	28	85.71
Copper metal	44	36	22.22
Nonmetallic mineral & manufactures	5	7	(28.57)
Machinery & transport equipment	6	7	(14.29)
Processed food & beverages	24	25	(4.00)
N.E.S.	34	35	(2.86)
Others	<u>54</u>	<u>64</u>	<u>(15.63)</u>
Total	599	696	(13.94)

Source: Central Bank

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CSO: 4200/1181

PHILIPPINES

MANILA TO LIFT CORN IMPORT BAN, RAISE TARIFF RATES

HK250231 Quezon City BUSINESS DAY in English 24 Jun 86 p 3

[Text] The Ministry of Agriculture and Food (MAF) will soon lift the ban on corn imports but will raise tariff rates to levels which officials said would discourage importation.

The new corn policy is in compliance with the World Bank's condition for the \$150-million agricultural inputs loan to liberalize the importation of feed-grains.

A ranking MAF official who requested anonymity said the Philippine Government has to comply with the World Bank condition to prevent a "breach of agreement" that could prompt the bank to demand immediate payment of the loan.

The official said there will be no volume restrictions on imports but the government will devise a formula for raising the corn tariff rates to levels that would discourage importation and encourage local purchases.

In January this year, the MAF banned the importation of corn following a series of price falls in the local market and the softening of demand from large scale bulk buyers. It instead lowered tariffs on corn substitutes, such as cassava, to avoid direct competition to corn farmers.

The last corn importations were made in July last year. Imports for 1985 totaled 197,423 metric tons, amounting to \$25.9 million, according to the National Food Authority (NFA).

According to the Food and Agriculture Organization (FAO), corn prices in the world market were between \$86 to \$100 per ton as of April. These convert to only 8.6 cents to 10 cents per kilo or about P1.72 to P2 per kilo, respectively, against the corn support price of P2.90 per kilo. At the maximum prevailing price of P2 per kilo, the 90-centavo difference in the world price would in itself translate to a 45 percent differential.

The corn tariff before the ban took effect in January this year was pegged at 20 percent. At world market prices then, the landed price was computed at P2.10 per kilo.

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CSO: 4200/1157

PHILIPPINES

PRIVATE SECTOR FEARS IMPORT SURGE POSSIBLE

HK020047 Quezon City BUSINESS DAY in English 11 Jul 86 p 3

[Text] The private sector is worried by the lack of safeguards against a possible import surge despite the lifting of quantitative restrictions on some 580 items by the government.

Meneleo Carlos, chairman of the committee on industry of the Philippine Chamber of Commerce and Industry (PCCI), yesterday said the continuing smuggling and the inability of the government to set up safeguards to protect domestic industries is threatening business and industry.

At the same time Carlos said the private sector is "disappointed" with the government decision to lift all quantitative restrictions on imports. "This will have a serious impact on domestic industries. Tariff barriers are not enough," he said.

Carlos also rejected the government plan to raise tariff rates for the last batch of the 280 most sensitive items, saying such a move would only lead to a distortion of the tariff structure.

He said PCCI is also opposing a plan to impose a uniform tariff scale, noting that such a program is unrealistic considering the different levels of integration within the industrial sector.

In the case of smuggling, Trade and Industry Minister Jose S. Concepcion Jr. said the government has already formed an inter-agency inspection team that could act with dispatch against illegal entry of imported goods.

The team, the first of the safeguards drawn up by the government, is empowered to conduct on-the-spot investigations of traders, wholesalers, retailers and other parties reported to trade in or in possession of goods imported in violation of import clearance requirements.

Other safeguards, such as the anti-dumping mechanism and the completion of the list of the imports' home consumption values, are urgently needed before the next batch of items are deregulated, Carlos said.

Carlos said the private sector will continue to ask the government to maintain the status quo over a two-year phaseout period and retain quantitative restrictions in order to allow domestic industries to adjust.

He added that Central Bank Circular No 1029 which contains the list of imports regulated by the Board of Investments (BOI) is actually a list of items that can be imported with prior BOI clearance and are not banned.

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CSO: 4200/1181

PHILIPPINES

TOURIST RECEIPTS RISE 7.13 PERCENT IN FIRST QUARTER

HK010613 Quezon City BUSINESS DAY in English 30 Jun 86 p 2

[*"The Economy" column by Ibarra C. Gutierrez: "Tourist Receipts Up in 1st Qtr"*]

[Text] Tourist receipts in the first quarter rose 7.13 percent to \$177.51 million from \$165.70 million the year ago despite a 24.6 percent drop in the number of arrivals during the same period, statistics from the Central Bank [CB] and the Ministry of Tourism (MOT) showed.

As of presstime, there was no official explanation for the increase in tourist receipts.

The first quarter trend appears to be a carryover from last year when tourist receipt figures improved a phenomenal 38.43 percent in spite of declining tourist arrivals.

Industry observers then speculated that this was caused by the inflow of dollars salted abroad for use in the February presidential polls. The returning dollars could have been registered as tourist receipts to avoid detection, the same observers surmised.

Recent CB data showed further that for the first two months this year, tourist receipts averaged a 52.54 percent drop, while for March, tourist receipts rose by 152.37 percent.

Figures were broken down as follows: for January, \$29.97 million, a 57.94 percent drop from the previous year's \$71.26 million; for February, \$25.77 million, a 44.21 percent drop from the previous year's \$46.19 million; and for March, \$121.77 million, a 152.37 percent increase from the previous year's \$48.25 million.

As earlier reported, tourist traffic for the first quarter this year dropped 24.62 percent to 164,704 (see BUSINESS DAY, June 12).

The balikbayan program participants accounted for 17.83 percent of total visitor arrivals. The Tourism Ministry reported that total balikbayan arrivals for the first quarter dropped by 1.43 percent to 29,359.

The United States remained the biggest source of visitor traffic, contributing 44,393 arrivals. About 18.41 percent of this particular batch of arrivals were overseas Filipinos, whose 38.35 percent were balikbayans.

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CSO: 4200/1181

PHILIPPINES

GOLD PRODUCTION DIPS 1.52 PERCENT IN FIRST QUARTER

HK240305 Quezon City BUSINESS DAY in English 23 Jun 86 p 2

["Economic indicator" column: Gold Production Dips 1.52 Percent]

[Text] The aggregate output of the gold-producing members of the Chamber of Mines of the Philippines for the first quarter this year dropped 1.52 percent compared to the year-ago level, data taken from the chamber's monthly newsletter showed. Gold output for the January-March period totaled 6,096.416 kilograms, 93.878 kilograms less than the 6,190.294 kilograms produced in the same period in 1985.

Production went down despite improvements in the world price of gold in March this year (gold quotation in New York as of March averaged 346.84 per ounce, up 303.12 per ounce). This resulted from the lower output of secondary gold producers whose main product is copper and who produce gold only as a by-product.

For the 3-month period, the output of secondary producers totaled 3,570.034 kilograms, accounting for 58.56 percent of the total gold produced during the period. This was 5.04 percent lower compared with the year-ago figure of 3,759.371 kilograms.

Significant increases in production of Benguet Exploration's Copper Shield and Lepanto Consolidated Mining Company were offset by the decline in production of Atlas Consolidated Mining and Development Corporation (Cebu) and Benguet Corporation (Dizon) projects.

Meanwhile, primary gold producers increased their production by 3.93 percent from 2,430.923 kilograms last year to 2,526.382 kilograms this year.

The biggest primary gold producer, Benguet Corporation's Balatoc project produced 1,048.001 kilograms of gold, an increase of 16.6 percent from the year-ago level of 898.829 kilograms. This was followed by the Masbate project of Atlas Consolidated with 730.527 kilograms, and Surigao Consolidated Mining Co., Inc. with 272.889 kilograms.

Among the primary producers, Manila Mining Inc. Registered the highest production decline of 44.48 percent from 83.318 kilograms last year to only 46.261

this year, while North Davao Mining Corporation's Hijo project contributed nothing to total production. This mining firm produced 76.795 kilograms of gold last year.

Gold Production
January-March 1985 and 1986

	1986	1985	Change
Primary producers	2,526.382	2,430.923	3.93
Benguet Corp. (Balatoc)	1,048.001	898.829	16.60
Atlas Consolidated Mining and Development Corp. (Masbate)	730.527	684.077	6.79
Surigao Consolidated Mining Co., Inc.	273.527	241.919	12.80
Apex Mining Co., Inc.	216.678	242.789	(10.75)
Itogon-Suvoc Mines, Inc.	130.748	109.462	19.45
Benguet Exploration, Inc. (Thanksgiving)	81.278	93.734	(13.29)
Manila Mining, Inc.	46.261	83.318	(44.48)
North Davao Mining Corp. (Hijo)	#	76.795	-
Secondary producers	3,570.034	3,759.371	(5.04)
Philex Mining Corp.	1,455.823	1,393.561	4.47
Benguet Corp. (Dizon)	817.801	1,034.410	(20.94)
Lepanto Consolidated Mining and Development Corp. (Cebu)	392.650	671.715	(41.55)
Marcopper Mining Corp.	218.740	232.600	5.96
North Davao Mining Corp. (Amacan)	123.108	125.284	(1.74)
Maricalum Mining, Inc.	91.007	#	-
Benguet Exploration, Inc. (Copper Shield)	8.766	2.004	337.42
Batong Buhay Gold Mines, Inc.	#	65.152	-
Total	6,096.416	6,190.294	(1.52)

No production

Source: Chamber of Mines of the Philippines

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CSO: 4200/1157

PHILIPPINES

MANILA WHOLESALE PRICE INDEX DECLINES

HK011607 Quezon City BUSINESS DAY in English 1 Jul 86 p 2

["Economic Indicator" column: "Metro Manila Wholesale Price Index Declines 1.58 Percent in April"]

[Text] The wholesale price index (WPI) for all items in Metro Manila as of April this year went down 1.58 percent from the year ago level, according to the indices released by the National Census and Statistics Office (NCSO). The WPI during the month, using 1978 as base year, stood at 404.9 index points, 6.5 index points less than last year's 411.4 index points.

The WPI measures the monthly changes in the general price level of commodities at which wholesalers sell their products. It is computed as the ratio between the wholesale prices of various commodity groups during the reference period (1986) and their wholesale prices during the base period (1978).

The drop was the result of the lower price indices of crude materials except fuel; mineral fuels, lubricants and related materials; and chemicals including animal and vegetable oils and fats which posted declines of 14.83 percent, 13.38 percent and 12.46 percent, respectively.

During the month in review, the WPI for crude materials except fuel stood at 303.8 index points, down 52.9 index points from the 356.7 index points recorded last year. The index for mineral fuels, lubricants and related materials, on the other hand, fell 74.3 index points from 555.3 index points to only 481 index points, while the WPI for chemicals including animal and vegetable oils and fats slid to 318.2 index points from 363.5 index points, for a 45.3 index points difference.

Meanwhile, the average WPI in Metro Manila from January to April grew slightly by 0.19 percent or 0.8 index points from 412.7 index points last year to 413.5 index points.

[Table on following page]

General Wholesale Price Index in Metro Manila
(1978--100)

Year /	All Items	Food	Beverages & Tobacco	Crude materials except fuel	Mineral-fuels, lubricants & related materials	Chemicals including animal & vegetable oils & fats	Manufactured goods classifed chiefly by materials	Machinery & transport equipment	Miscellaneous manufactured articles
1985	409.3	457.9	332.1	325.3	562.4	337.5	356.3	351.0	441.0
Jan	415.8	465.0	305.4	370.2	593.6	356.6	338.9	318.5	417.9
Feb	408.9	454.9	306.6	359.3	579.6	345.4	339.7	327.4	418.1
Mar	414.7	453.4	323.2	365.4	568.4	363.9	352.1	355.0	426.1
Apr	411.4	448.9	323.2	356.7	555.3	363.5	356.6	355.1	427.4
May	408.2	448.1	324.0	340.5	555.3	348.6	357.4	355.0	438.3
Jun	405.5r	453.6	326.1	319.5r	555.3	338.7	360.0	355.3	442.6
Jul	409.7	462.1	328.9	310.0	554.4	334.8	360.2	355.4	448.5
Aug	403.4	452.0	327.4	299.7	557.2	323.7	360.3	356.6	448.6
Sep	404.6	456.3	327.4	298.1	556.6	319.5	359.7	356.6	453.9
Oct	406.3	460.6	320.4	296.6	556.8	320.0	360.7	358.4	453.8
Nov	409.2	466.3	325.8	292.7	556.6	322.3	364.6	358.4	455.3
Dec	412.6	473.7	327.1	294.6	559.4	313.3	366.0	360.1	461.6
1986									
Jan	419.9	482.0	333.0	302.9	580.1	318.8	369.6	361.2	463.1
Feb	414.3r	472.3r	329.7	299.5	563.9	315.6	371.5	361.2	468.2
Mar	414.9	469.6	341.6	303.9	569.8	316.8	371.9	361.4	471.9
Apr	404.9	459.1	341.8	303.8	481.0	318.2	372.7	372.5	476.3

r--revised

Source: National Census and Statistics Office (NCSO)

PHILIPPINES

MAY CPI SHOWS 'MODEST' 1.29 PERCENT RISE

HK250240 Quezon City BUSINESS DAY in English 24 Jun 86 p 2

["Economic Indicator" column: "May CPI Rises 1.29 Percent"]

[Text] Prices of consumer goods and services nationwide, as measured by the consumer price index (CPI), posted a modest 1.29 percent rise in May compared with the year-ago level, according to data released recently by the National Census and Statistics Office (NCSO). Using 1978 as the base year, the CPI last month stood at 354.0 index points, 4.5 index points higher than the 349.5 index points recorded in May the previous year.

One of the factors that pushed the CPI up was the 7.74 percent increase in the price index for housing and repairs. The CPI for this sector moved up from 332.0 index points in May last year to 357.7 index points this year. Since the government allowed an increase in rental rates in the middle of last year, the price index for this sector has continued to rise.

Consumer Price Index for All Income Households
in the Philippines
(1979 equal 100)

Period	All items	Food, bever- ages and tobacco	Clothing	Housing and repairs	Fuel light and water	Miscel- laneous	
1984	286.4	271.4	303.7	266.6	426.8	311.9	278.0
January	238.2	223.6	245.9	235.7	350.7	269.0	225.3
February	245.4	231.5	255.4	237.5	362.5	271.7	234.4
March	250.8	237.1	264.0	238.8	369.2	274.5	243.7
April	254.6	241.0	270.8	239.5	371.8	277.4	249.9
May	258.9	264.0	276.6	240.2	376.2	278.9	256.0
June	275.2	261.9	295.3	243.3	402.9	303.7	272.7

July	299.8	282.2	313.4	290.6	441.2	331.4	291.0
August	308.2	290.6	327.3	292.2	462.1	334.6	301.5
September	315.7	299.9	336.4	294.2	471.6	337.0	307.7
October	320.1	304.7	342.6	294.6	478.3	340.0	312.2
November	332.6	317.0	354.4	296.2	511.6	359.6	318.8
December	337.7	321.9	361.8	396.8	524.0	365.0	323.4
1985	352.6	332.0	387.3	334.3	548.3	366.0	345.6
January	346.0	328.8	370.4	317.6	533.4	367.5	331.9
February	349.2	333.1	375.2	320.5	538.1	363.9	334.3
March	350.6	332.8	378.7	326.7	546.3	362.7	339.0
April	348.9	330.3	391.0	329.6	536.4	357.1	343.1
May	349.5	330.5	383.5	332.0	538.3	356.9	345.1
June	351.3	330.4	386.4	332.4	545.7	365.2	346.9
July	356.1	335.1	390.5	340.9	553.6	368.6	348.7
August	357.0	335.8	393.0	342.0	554.3	368.6	350.6
September	355.8	333.3	395.0	341.9	554.4	368.8	351.2
October	354.6	330.7	396.2	342.0	557.1	369.1	351.3
November	355.5	331.3	398.1	343.1	559.6	370.6	352.1
December	356.8	332.2	400.7	343.3	561.9	373.3	353.2
1986							
January	359.7	336.5	402.4	347.4	554.6	374.1	354.4
February	361.9	339.4	403.6	354.5	540.8	375.1	358.2
March	362.5	339.4	404.8	355.6	540.7	377.9	360.4
April	356.2	330.7	405.8	357.2	519.2	373.1	361.8
May	354.0	327.3	406.3	357.7	517.5	373.0	359.4

Source: National Census and Statistics Office (NCSO)

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CSO: 4200/1157

PHILIPPINES

COMMERCIAL BANK ASSETS DECLINE IN MAY

HK300826 Manila THE NEWS HERALD in English 28 Jun 86 p 10

[Text] The Central Bank [CB] yesterday said the combined resources of the country's 30 operating commercial banks declined by P4.1 billion or 1.5 per cent in May 1986 to settle at P275 billion at month-end.

The CB said all sectors of the industry such as government, private and foreign banks, experienced negative growth during the month of May.

During the period under review, the CB noted that the commercial banking system liquidated a substantial amount of its liabilities, resulting eventually in a large drop in the loan portfolio of the system.

Loan accounts, which constitute about half of the total assets of the industry, contracted by P2.0 billion.

Funds generated from the portfolio by way of collections, augmented by amounts provided by additional deposits and beginning stock of cash assets, were applied to maturing obligations, interbank transactions (due to head office/branches/agencies) operating costs (undivided profits account) and investment accounts.

Thus, decreases were recorded in bills payable, cash assets and capital accounts by P2.7 billion, P1.1 billion, and P1.6 billion, respectively, while investments grew by P511 million. Trading account securities largely accounted for the expansion in investments.

Net deposits inflow for the month reached P553 million--principally in the form of domestic savings accounts and time certificates.

The CB also said investment houses underwrote P180.1-million worth of securities during the first quarter of this year, a decline of P123.4 million or 40.7 per cent from the P303.5 million recorded during the previous quarter.

Compared to the same period in 1985, investment houses' underwriting activities similarly showed a decline of P13.2 million or 6.8 percent.

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CSO: 4200/1181

PHILIPPINES

BUDGET MINISTRY ON DEBT AMORTIZATION

HK010557 Manila MANILA BULLETIN in English 27 Jun 86 p 21

[Text] The government's debt amortization in 1987 will amount to P6.3 billion, 20 percent lower than the 1986 level of P7.9 billion, preliminary figures of the Budget Ministry showed.

The reduced amount that need to be shelled out for debt amortization in 1987 is due mainly to lesser limpy [as published] debt maturities for the year, the Budget Ministry said.

It was also pointed out that the ratio of debt service to the total budget obligation will go down slightly from 22 percent in 1986 to 19.7 percent in 1987.

Meanwhile, American Embassy figures on the Philippine debt service, supplied recently to the Central Bank, projected that the country's debt service after rescheduling will amount to \$3.34 billion this year while total foreign exchange receipts both from exports and services are estimated at some \$8.021 billion.

The debt service ratio after rescheduling has been estimated by the American Embassy at 41.6 percent which is significantly higher than the 34.6 percent debt service ratio in 1985.

The American Embasst figures showed that the Philippines still needs to spend \$1.16 billion for principal payments, and an additional \$2.18 billion for interest payments.

Some members of the Cabinet, specially Economic Planning Minister Solita Monsod and Trade and Industry Minister Jose Concepcion Jr. have been battling for the reduction to at least 20 percent of the country's total export revenues the amount that the country pays for the servicing of \$26 billion in foreign debts.

At present, the country allocates about half of its total export earnings for the servicing of its foreign debts. It is the contention of

government that this percentage is too burdensome on current revenues and leaving little room to enable the economy to grow.

Concepcion yesterday said the government has a good chance of persuading foreign creditors to lighten the country's debt service burden because the government has initiated various structural reforms in the economy which are being sought by these creditors.

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CSO: 4200/1181

PHILIPPINES

SEC REPORTS NUMBER OF COMPANY CLOSURES DOWN

HK300937 Quezon City BUSINESS DAY in English 27 Jun 86 p 2

["Economic Indicator" column: "Fewer Companies Close Down"]

[Text] According to the April investments report of the Securities and Exchange Commission (SEC), there were fewer firms dissolved during the first four months of the year compared to the same period last year.

There were 23 domestic stock corporations and 18 partnerships or a total of 41 firms which closed shop during the January to April period this year as against 38 domestic stock corporations and 20 partnerships in 1985.

The dissolutions however resulted in a total capital withdrawal of P231.16 million, 120.03 per cent more than last year's P105.06 million.

On a monthly basis, there were seven companies that bowed out of business in April which reported a combined paid-up capital of P22.39 million compared to 15 dissolved companies in March resulting in a capital take-out of P132.79 million.

Of the seven firms that ceased operations, four encountered financial difficulties (their total paid-up capital at the time of dissolution amounted to P981,000); one company, Monark International, Inc., a construction firm, suffered from a business slowdown (its capitalization stood at P20 million, the highest posted among the firms which closed in April); one reported no specific reason for closing shop (it had a capital of P207,000); and one with a capital of P1.2 million did not operate at all.

By industry, two firms that shut down came from the finance, insurance, real estate and business services industry with an aggregate capital of P1.4 million. The four other dissolved firms with a combined capital of P1.0 million were in agriculture, fishery and forestry; wholesale and retail trade; manufacturing and transportation; and storage and communication. The remaining one with P20-million paid-up capital was in the construction business.

[Table on following page]

**Dissolution of Existing Domestic Stock
Corporation & Partnerships
January 1985 to April 1986**

(amount in thousand pesos)

	Number	Amount	Domestic			
			Stock Corporations		Partnerships	
1985	Total		Number	Amount	Number	Amount
January	18	26,934	10	25,987	8	947
February	10	2,864	8	2,760	2	104
March	15	72,331	8	71,580	7	751
April	15	2,929	12	2,059	3	870
May	10	2,469	9	2,459	1	10
June	15	1,003,919	8	1,003,034	7	885
July	9	287,092	7	386,492	2	600
August	19	7,284	13	7,069	6	215
September	14	10,440	10	10,116	4	324
October	13	74,044	10	73,826	3	218
November	10	15,306	7	14,743	3	563
December	14	234,413	11	234,138	3	275
1986	January	13	5,124	5	3,499	8
	February	6	70,855	5	70,795	1
	March	15	132,793	9 6	132,048	6
	April	7	22,388	4	21,950	3

6 includes two non-stock corporations

Sources: Securities and Exchange Commission

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CSO: 4200/1181

PHILIPPINES

LOAN PROGRAM FOR SMALL BUSINESSES LAUNCHED

HK010655 Manila PHILIPPINE DAILY INQUIRER in English 27 Jun 86 p 7

[Text] The first program of the Aquino government, involving P500 million for small and medium enterprises, was formally launched yesterday with the signing of a memorandum of agreement between the Development Bank of the Philippines [DBP] and the Social Security System which provides the funds for the program.

The launching of the lending scheme also marked the reopening of the loan windows of the DBP which had been closed since 1982.

To be known as the DBP A-Smile Program--acronym for Agricultural, Small and Medium Industrial Lending--the scheme is aimed primarily at pump priming the economy particularly in the countryside to spur the growth of agricultural and small and medium scale industrial projects.

Qualified to avail of assistance under the program are:

--Existing DBP borrowers whose accounts are classified as premium accounts;

--Previous DBP clients who have fully paid their accounts and who have existing good projects;

--On a selective basis, existing DBP borrowers whose accounts are fairly well handled provided that their projects are fully operating; and

--New clients with existing good projects.

Loans obtained under the program shall be for working capital requirements of projects and shall carry an interest rate of 17 percent per annum which is the lowest in the market today in this kind of lending.

A DBP spokesman said that for a speedy and efficient implementation of the program, the bank has raised the discretionary approving authority of its department and branch managers from P300,000 to P500,000.

A check of P150 million representing the initial funding for the program was turned over by Cuisia to Estanislao after the signing of the agreement.

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CSO: 4200/1181

PHILIPPINES

CHAMBER OF COMMERCE CRITICIZES NEW ECONOMIC PROGRAM

HK271027 Hong Kong AFP in English 0841 GMT 27 Jun 86

[Text] Manila, June 27 (AFP)--The Philippine Chamber of Commerce and Industry (PCCI) has criticized the new government's economic program, charging that it was biased against big business, PCCI spokesmen said here Friday.

A recovery program should be based on the contributions of the industry and services sectors, which the government "can ill afford to lose while starting a new structure," the chamber said.

The criticism was contained in a letter sent Thursday to Economic Planning Minister Solita Monsod, whose ministry drafted the entire program. Mrs. Monsod is currently on a visit to the United States.

The program, approved by President Corazon Aquino's cabinet early this month, shifts government efforts on rural development. It puts emphasis on small-scale and labor-intensive enterprises by transferring to them incentives, credit and funding currently given to large industries.

While generally endorsing the rural focus of the program PCCI President Aurelio Periquet told Mrs. Monsod that the industry and services sector, under which most Philippine business falls under, contribute over 50 per cent of the country's gross domestic product and over 60 per cent of employment.

Investments already in place in these sectors compensate workers at levels above those targeted in the economic plan, and these were previously made through government encouragement and incentives, the letter reportedly said.

Mr. Periquet also criticized the lifting of trade and tariff protection as part of the government's import liberalization program, and disagreed with the contention that this would force local companies to be more competitive.

"The export business is not created overnight merely by financial incentives," he said.

Cutting into the international market requires expertise that connotes big business and experience, while even a small favored producer would take years to develop product quality up to world standards. he reportedly added.

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18 July 1986

PHILIPPINES

CABINET PLAN TO SCRAP NUCLEAR PLANT REAFFIRMED

HK010459 Manila Far East Broadcasting Company in English 2300 GMT 30 Jun 86

[Text] The cabinet yesterday reaffirmed its earlier decision not to operate the Bataan nuclear power plant and to accept the assistance of foreign entities in resolving the legal and technical aspects of the case.

In a press briefing, deputy presidential spokesperson Alice Villadolid said the recommendation was made by Presidential Spokesman Rene Saguisag who reported on his 23 day mission to the United States. He left May 15 to confer with Philippine lawyers involved in resolving the fate of the plant.

The cabinet also approved to appoint more ministers to work with Saguisag in the committee created by President Aquino to resolve the issues involving the \$2.3 billion nuclear plant. She said two law firms and technical associations have offered to donate their services to help the country decide on what to do with the plant.

In another move, the cabinet approved yesterday the reclassification of vehicular spare parts from ordinary to essential items and the reduction of their sales tax from 20 percent to 10 percent. Trade and Industry Minister Jose Concepcion Jr said, however, only the imported steel belted tires will be entitled to such a tax reduction. He said his ministry and the Finance Ministry are preparing the necessary executive orders so that the sales tax reduction of spare parts will take effect as soon as possible or probably in the next 2 days.

The trade minister explained that they have no problems with the spare parts manufacturers, but what they are concerned of is the present inventory level of spare parts. The implementing rules of the tax reduction measures will be completed soon.

According to Concepcion, the sales tax reduction is expected to reduce the price of spare parts by 10 percent.

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PHILIPPINES

GOVERNMENT DEFENDS DELEGATES TO ILO CONFERENCE

HK250317 Quezon City BUSINESS DAY in English 24 Jun 86 p 2

[By Gethsemane M. Selirio]

[Text] Geneva--The government defended before the International Labor Organization (ILO) last week the choice of workers' delegate and advisers to the 72d International Labor Conference being held here. The credentials of these representatives are being questioned by the Trade Union Congress of the Philippines (TUCP).

In an official reply to the letter of ILO credentials committee Chairman Z. Ci. Makoni, the government through labor deputy Minister Rogelio V. Garcia said all major labor groups were consulted in determining the workers' representatives to the conference.

Garcia said this was done through the Labor Advisory Consultative Council (LACC), which was asked by the Ministry of Labor and Employment (MOLE) with naming the labor sector's representatives to the ILO conference.

TUCP, which filed a complaint before the ILO 2 weeks ago, was part of the group of labor federations which banded together in March this year to form the LACC, Garcia said.

TUCP bolted out of the LACC before the National Tripartite Conference in late May.

Responding to the questions posed by Makoni in an earlier letter, Garcia said there are hundreds of worker organizations of varying sizes in the Philippines. Among the majority, he noted, are the following: National Federation of Labor (NFL), National Alliance of Teachers and Workers (NATAW), Federation of Free Workers (FFW), TUCP, National Association of Trade Unions (NATU), Trade Unions of the Philippines and Allied Services (TUPAS), Pambansang Katipunan ng Manggagawang Pilipino (Katipunan) [National Union of Philippine Workers], Kilusang Mayo Uno (KMU) [1 May Movement], National Union of Workers of Hotel and Restaurants and Allied Industries (NUWHRAIN), and the independents Kapisanan ng Manggagawa sa Daungan (Kamada) [port workers alliances].

There are no available accurate data on the exact number of members of each of these workers organizations. Garcia said this is due to the failure of the previous government to require registered trade unions to submit copies of concluded collective bargaining agreements (CBA's).

These 10 groups were consulted in the appointment of workers' representatives, Garcia said.

Attached to the letter of the government to the ILO was a copy of a letter from the LACC presiding officer Bonifacio Tupaz, dated May 2, submitting the list of workers' representatives to the conference. This was the approximate date of the consultation by the government with the workers' group, Garcia said.

The letter, which was addressed to Labor Minister Augusto S. Sanchez, contained the following names: Tupaz, secretary-general of TUPAS, Rolando M. Olalia (KMU), Juan C. Tan (FFW), Democrito Mendoza (TUCP) and Leo Quisumbing (independent). In another letter 11 days later, Tupaz said the consensus reached by the five nominees was that he shall be the workers' delegate while the others will serve as technical advisers.

TUCP TUCP also later changed its representative from Mendoza to its Secretary-general Ernesto Herrera. In TUCP's complaint before the ILO, however, Mendoza informed the body that Herrera was withdrawing his name as a representative to the conference since he was not consulted.

"The government did not intervene in the choice of the said workers' representatives but merely affirmed the nominations made by the LACC," Garcia said.

To supplement its defense, the government gave an oral argument before the credentials committee last Thursday afternoon. Eduardo Araullo, coordinator of the Labor Ministry Task Force, pointed out to the committee that there is a new government in the Philippines and thus "we are not bound by the political decisions of the old regime."

"Our present government is determined to do justice to those who have been victims of injustice under Marcos," Araullo said. One sector which suffered the most under Marcos were the workers, he said.

Not all workers' organizations were given rights and privileges under the old regime, he added.

During the Marcos era, TUCP was the only officially recognized labor center, a status which enabled it to have the official seats in national and international tripartite bodies (including the ILO).

To "correct" this situation of imbalanced representation, the LACC was formed, Araullo said.

TUCP, however, claimed in its complaint that it is the largest and the most representative labor organization in the country. Under the ILO constitution,

such a group should have the first say in representation to tripartite bodies.

There is at present no way of determining the exact membership of labor unions and federations because of inadequate reporting to the Labor Ministry, Araullo said. The ministry is planning to improve the reporting by labor groups of their CBA's and membership in a project to be undertaken this year, he added.

On the question of Tupaz concurrently being the officer-in-charge [OIC] of Aklan, Araullo said the ministry "would like to believe that he was given the position precisely because he was a labor leader." The post of OIC is only temporary, he said, and no renumeration is given to the person serving as such.

Araullo belittled TUCP's claim of a 1.25-million membership as reflected in its complaint. "They're only trying to appear larger than they actually are," he said.

TUCP has no basis for its claim as the largest and most representative labor group, he added. A good example, Araullo said, is that in the list of affiliate unions of TUCP, the Associated Labor Unions (ALU) is listed at least four times in different industries.

The credentials committee is expected to deliberate this week on the merits of the TUCP complaint and the government's response.

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PHILIPPINES

BRIEFS

BUDGET CUTS THREATEN SUBIC JOBS--About 900 of the 15,000 civilian employees at Subic Naval Base in Olongapo City may have to be terminated by September 3 this year due to budget cuts by the U.S. Department of the Navy. Expected to be affected are locally hired Filipino workers and American employees who compose approximately 4 percent of Subic base's civilian work force. Robert (Best), Subic Base Consolidated Civilian Personnel Office director said, however, that workers terminated will be compensated. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 22 Jun 86 HK] /8918

NEW POSITIONS FOR LOCSIN, SAGUISANG--Presidential spokesman Rene A.V. Saguisag will become the Press Secretary when the Ministry of Information is "collapsed any time now," Information Minister Teodoro Locsin, Jr. told the INQUIRER yesterday. Locsin said that he, in turn, will become Special Counsel to the president, a Cabinet-level position. Saguisag, he said, begged off "for one month" to finish his work with Bataan nuclear plant before he assumes his new position. "Administrative problems" prevented the palace from meeting its self-imposed deadline of collapsing the ministry by June 5--President Aquino's 100th day in office, Locsin told a press conference earlier. The president and Executive Secretary Joker P. Arroyo also attended the conference. [By Victor C. Agustin] [Text] [Manila PHILIPPINE DAILY INQUIRER in English 21 Jun 86 p 1 HK] /8918

1985 MASSACRE OF DEMONSTRATORS--Silay, Philippines, June 23 (AFP)--Armed Forces chief of staff General Fidel Ramos is not indictable for the 1985 massacre of 20 demonstrators near this central Philippine city, the government Ombudsman said here Monday. Ombudsman Raul Gonzales voiced his opinion as a three-man panel of state prosecutors opened an investigation into the killing of 20 anti-government protesters, allegedly by security forces, in Escalante on September 20. The majority of members of a civilian-military board that earlier investigated the killings recommended murder charges against some 50 suspects. A minority of three said that in addition Gen Ramos, then deputy chief of staff, should be held liable for administrative negligence for allegedly condoning the massacre. But Mr Gonzales, who appointed the prosecutors' panel, said Monday this did not mean Gen Ramos, who had initially defended the security forces' action, was "criminally indictable." Scores of people packed a tiny government hall where the panel questioned witnesses on Monday. The panel is to drive to Escalante on Tuesday to swear in witnesses for the prosecution. [Text] [Hong Kong AFP in English 1231 GMT 23 Jun 86 HK] /8918

BUSINESSMAN-ACTIVIST NAMED TO BANK BOARD--President Aquino has appointed businessman-activist Eduardo Olaguer as member of the board of governors of the Development Bank of the Philippines. Olaguer was sentenced to death by military court for alleged participation in the Light-a-Fire Movement that was responsible for a series of bombings in Metro Manila in early 1980.
[Text] [Manila Far East Broadcasting Company in English 2300 GMT 30 Jun 86 HK] Eduardo Olaguer is to serve in a temporary capacity on the seven-man board, the presidential palace said. Mr. Olaguer's case was under review by the Supreme Court when he was freed after appeals were made to the then government of Ferdinand Marcos by people including Jaime Cardinal Sin.
[Excerpt] [Hong Kong AFP in English 1323 GMT 30 Jun 86 HK] /6662

CSO: 4200/1181

HEAVY INDUSTRY AND CONSTRUCTION

VIETNAM

OIL REFINERY-PETROCHEMICAL PRODUCTION PLANT DISCUSSED

Hanoi DOC LAP in Vietnamese 14 May 86 p 4

[Article by Professor Hoang Trong Yem, Doctor of Chemistry: "Petroleum and Petrochemicals in Our Country"; first two paragraphs are DOC LAP introduction]

[Excerpts] In March of 1986, the Vietnamese-Soviet Oil and Gas Joint Enterprise successfully tested the first commercial oil deposit of Well No 1 drilled by Platform 1 in the Bach Ho field. The results indicated good oil capacity, permitting us to begin a period of oil and gas production. The Vietnamese-Soviet Oil and Gas Joint Enterprise is preparing to pump the first barrels of industrial oil from the open sea over the continental shelf of our country.

On this occasion, we invited Doctor Hoang Trong Yem, Director of the Chemistry Department, Hanoi Polytechnic College, to introduce to the readers of DOC LAP the world petroleum situation and the petroleum expectations in our country.

In Vietnam, five potential oil producing regions have now been designated: the Gulf of Tonkin, the sea area off the Mekong River, the sea area south of Con Son, the central sea area, and the Gulf of Thailand. Although the oil reserves of our country are not positively known, estimates are that about 10 million tons can be produced annually for many decades. We have been assisted by the Soviet Union in successfully test pumping the first commercial oil deposit. In the not too distant future, we will pump the first barrels of industrial oil and at the beginning of the next decade will be self-sufficient in answering domestic oil requirements.

Petroleum and Chemical Products

Besides using petroleum for fuel, oil and natural gas are also used as raw materials for chemical products (petrochemicals) such as plastics, synthetic rubber, synthetic fibers, medicines, dyes, fertilizers, domestic animal feed, road asphalt, etc. According to statistics for 1985, only 8 percent of all the oil produced in the world is used as a raw material for petrochemicals. By the year 2000, this ratio will rise to 12 percent.

With a refinery and petrochemical plant producing an annual 5 million tons as other countries commonly do at the present time, it is possible to produce 90,000 tons of light gasoline, 660,000 tons of regular gasoline, 650,000 tons of petrochemicals, 1.3 million tons of diesel oil, 1 million tons of lubricating oil and tens of thousands of tons of other products, namely petrochemical

products consisting of 50,000 tons of polyester and nylon fiber (from which 400 million meters of cloth may be woven), 20,000 tons of raw materials for making synthetic detergents, 310,000 tons of ammonia, 15,000 tons of plastics, 20,000 tons of polypropylene, 40,000 tons of polyethylene, etc.

At the present time in the world (not counting the socialist countries), there are 748 refinery-petrochemical plants with a total capacity of approximately 3,118,000,000 tons (1980 data).

The refining and petrochemical stages are interconnected in the petroleum production venture. The petrochemical raw materials are created primarily by stages of cracking, reforming and steam cracking, etc.

Petroleum consists of many different types of chemical elements (hydrocarbon structures) that are called light oil, medium oil, heavy oil, etc. Again, depending on each region, some types of oil contain much sulphur (more than 2 percent) or little sulphur (under 0.5 percent). Oil pumped from the coastal area of our country has a small sulphur content (0.2 percent) but is of the paraffin oil group. A good aspect of our oil is that the sulphur need not be removed but there are difficulties in the movement of oil by pipeline because the paraffin coagulates at high temperatures and there is difficulty in the production of bitumen (road asphalt).

Oil Exploitation and Petrochemical Manufacturing in Our Country

In our country, the exploitation of petroleum of an industrial nature can only be achieved during the last few years of this decade. A joint refinery and petrochemical enterprise of our country will begin production during the nineties and only then in a number of basic stages such as the production of polyamide fibers (nylon), polyester fibers, the processes creating polyethylene products, synthetic detergents, fertilizers, etc. Therefore, we must continue to concentrate much effort on other important processes in order to synthesize raw materials and products needed for the national economy such as methanol, acetic acid, phenol, phthalic anhydride, intermediate compounds (used in making raw materials for the production of dyes), pigments, plastics made from propylene raw materials, and synthetic rubber from butadiene and isoprene. Consequently, the use of raw materials is not without a hitch in that not all raw materials are used that are formed from the various processes of the refinery and petrochemical plant, a critical problem requiring study for entering production on a small scale.

The oil refinery that the Soviet Union is helping us to build will rise in the near future. Oil refining will be possible soon but petrochemical production will not occur until the end of the nineties. Nevertheless, with the first barrels of oil bearing the "Made in Vietnam" label that will appear soon, and with the first refinery-petrochemical production plant of Vietnam that will soon have its foundation laid, we are witnessing the formation of a modern industry in our country. A refining and petrochemical production enterprise and inorganic chemical industry rely on our resources to create a strong and stable chemical industry with sufficient capabilities to produce raw materials and products to support industrial and agricultural production and national defense, leading to increased output of commodities, grain and food to assist in improving the lives of our people.

SCIENCE AND TECHNOLOGY

VIETNAM

VIETNAMESE SCIENTISTS WORKING IN SIBERIA

Hanoi DOC LAP in Vietnamese 14 May 86 p 15

[Article written exclusively for DOC LAP by Secgay Lakusin, Novosti Press Agency Correspondent: "Vietnamese Scientists in Siberia"]

[Text] More than 2 years ago, a family of two young Vietnamese scientists arrived in the science city of Novosibirsk, one of the largest scientific centers in the world. They are collaborating with Siberian scientists in research on dynamics and catalytic actions. Nguyen Tien and Dien Thanh came to the science city to replace another Vietnamese scientist--Nguyen Dan--who defended his master's thesis in Novosibirsk and now leads a laboratory of the Institute of Chemistry recently established in Ho Chi Minh City.

This is the second time that Tien and Thanh have come to the Soviet Union. After graduating in 1979 from Bakin University, they returned to the fatherland and a year later--now married to each other--went down to the recently liberated city of Saigon where the Institute of Chemistry was established.

And now is their second meeting with the Soviet Union. In the science city, Tien's capabilities were quickly and highly rated and he was assigned to research on the creation of zeolitic catalysts. This is probably one of the most critical issues of the current petrochemical sector. Such catalysts permit the acquisition of good quality gasoline from products of lower value than petroleum. For example: from the waste products of the petrochemical sector or from the gas escaping from oil wells which now must still be sometimes burned.

Scholars believe that catalytic processing in petrochemical production is the most promising and effective method for producing liquid motor fuel. The first industrial catalysts have also been used to fully collect the products from petroleum. However, their present efficiency is not yet high and they quickly lose their refining capacity.

In the laboratories of Novosibirsk, under the guidance of Doctor of Chemistry Kadimiralone, a unique method has been proposed for acquiring a new generation of catalysts. It seemed as if nature itself had advised them when delivering the scientists the type of precious mineral, zeolite. A characteristic of this mineral is its porosity. A cubic centimeter of zeolite can have a surface area of dozens of square meters. This area is hidden in countless holes, cavities and tiny tubes, sometimes so small that only molecules can pass through. Zeolite in one aspect or another can be used like a "molecular sieve" that absorbs

a type of chemical compound, breaks it down, and creates new compounds. It is this very characteristic that the scientists are giving their attention. Unfortunately, zeolite by itself is unsuitable for the catalytic process because of its many impurities.

The young Vietnamese scientist is the creator of one of these types of catalysts. His catalyst has many valuable characteristics thanks to attainment of a surface with precisely defined components. When low-quality petroleum is passed through, high octane gasoline is obtained. Tien's catalyst is able to separate liquid motor fuels from non-petroleum-base raw materials such as anthracite coal and liquid gas.

It can be easily imagined that the use of this catalyst will bring immense economic benefits not only to Siberia--the principle petroleum and coal producing region of the Soviet Union--but also to the budding petroleum industry of the Socialist Republic of Vietnam. Tien conducted this research with spirited enthusiasm because he knew that in Vietnam, with the assistance of the Soviet Union, an industrial area for the exploitation and processing of petroleum has been constructed at Vung Tau. Thus, his creation will be needed.

Doctor of Chemistry Yuri Ermakop, Deputy Director of the Institute of Catalytic Research of the Siberian branch, Soviet Academy of Sciences, and a person who has made many contributions in developing the cooperation between scientists of Vietnam and the Soviet Union, said, "Rarely has a researcher made such rapid progress in a previously unexplored field as Tien has done. I believe that he will successfully defend his master's thesis in the Soviet Union."

Recently, Deputy Director of the Vietnam Institutes of Science and Director of the Chemistry Institute Ho Si Thoang came to visit the science city. He was told of the research results of Tien and held discussions with the leadership section of the Novosibirsk scientific center on expectations for cooperation in the future.

Besides Tien, and Thanh in the Institute of Geological and Geophysical Research, there are also two other Vietnamese scientists working in Novosibirsk. They are scientific collaborators of the Institute of Earth Sciences: Tran Quoc Hung and Hoang Huu Thanh. They are conducting joint research with the Siberian scientists on "The geological similarities between northern Vietnam and a number of regions of Siberia." Results have shown that the formation of mineral mines in northern Vietnam is geologically similar to that in Siberia. At the end of this year, Vietnamese and Soviet geologists will continue to conduct surveys in Vietnam.

It will not be long before the Tien family returns to the fatherland. From Novosibirsk, the young Vietnamese scientists will bring with them not only the scientific equipment and instruments they have been given, the souvenirs of appealing Siberian wheat dishes and Russian bread, and happy new year pine boughs but also and primarily the scientific knowledge they have acquired here. This knowledge will assist them in contributing toward the creation of a new direction in the science of Vietnam.

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